
Chapter 4

Benefits: Activities and Trends

1. Income Support¹

A. General

As in previous years, in 2008, the number of recipients of income support continued to decrease, to 110,000 families by the end of the year, compared with 114,000 at the end of 2007, and a record 159,000 in the second quarter of 2003. The developments in 2008 were influenced by the continuing impact of the strict legislation introduced in mid-2003 in the income support system, and by the implementation of the Integration of Benefit Recipients in Employment Law (temporary order), in August 2005.

The operation of the Integration of Benefit Recipients in Employment Law, which was approved in 2004, is still undergoing changes and adjustments following public debate and the conclusions derived from its implementation. It should be noted that the Law is based on an experimental "From Welfare to Work" program (which was originally entitled the "From Income Support to Secure Employment" program). In 2007, the Law underwent modifications and its title was changed to "Prospects of Employment." The purpose of the program is "to promote the integration of benefit recipients in employment that will utilize their earning ability, while making them share responsibility, thus facilitating the transition from dependence on benefits to social and economic independence."

The Integration of Benefit Recipients in Employment Law aroused controversy when it was enacted and when it was implemented. It reflects the transfer of responsibility for performing the employment test – which is an essential condition of eligibility to receive a benefit that is intended to ensure the minimum income necessary for existence – from the State to private organizations. When the program was put into operation, the main controversy centered on the method of compensation and implementation, particularly for special groups in the population. It is difficult to integrate some groups into employment or into a personal plan, due to barriers such as age and mental state, and because of other situations, such as single parenthood, or having a sick/hospitalized child.

When the program commenced, a number of committees were set up, which recommended changes in the program – the first Dinur Committee, the Tamir Committee and the second Dinur Committee. In 2007, another committee submitted its recommendations – the Public-Scientific Committee Concerning the Integration of Income Support Benefit Recipients in Employment. The recommended changes included reducing the number of hours of participation at the employment center for defined groups, such as those close to retirement age, or those for whom the National Insurance Institute had defined specific percentages of earnings incapacity, and single-parent families, and carrying out vocational evaluation and occupational rehabilitation for those who need it. Another recommendation was to change the method of compensation, so that high-quality and long-term placings are rewarded (for the participant and the occupation center) and the compensation paid for bringing about a decrease in benefits is reduced.

1 Including child maintenance.

In August 2007, the "Prospects of Employment" program commenced operation, after integration of the various committee recommendations. For example, those aged 45 or over were referred to the Employment Service (unless they chose to participate in the program). The hours of participation were reduced for selected population groups, until vocational evaluations could be performed and appropriate processes defined for this purpose. Also, appropriate programs were defined for four groups: immigrants, long-term recipients of income support, academics and the disabled. (The process of defining appropriate programs was completed in early 2009.) In addition, the compensation method was changed, and now it relies less on reducing benefits and includes new elements, such as rewards for placements. There is also a process for paying a perseverance grant to participants who are placed in jobs, and at the same time, rules have been set for paying a placement grant to operators as well.

In December 2007, the geographical area covered by the compensation was expanded, so that it now includes all the inhabitants of Ashkelon, Sderot, Jerusalem, Hadera, Netanya, Basma², Nazareth, Upper Nazareth and Ein-Mahel.

2 The towns of Berta'a, Muawiye and Ein A-Sahle, which were united into a single local council.

Box 4

Findings of Evaluation Study of "Prospects for Employment" Program

"Prospects for Employment" is an experimental program for integrating recipients of income support into the workforce. In August 2007, it replaced the "From Income Support to Secure Employment" program in the areas in which it was operated, and in December 2007, it was extended to selected adjoining areas, which were chosen according to the law. Recipients of income support who were required to take an employment test and new claimants in these areas were referred to the program.

Operation of the program was accompanied by an evaluation study by the National Insurance Institute and Myers-Joint-Brookdale Institute, which looked at the impact of the program on employment status, eligibility for income support and income from work and other sources, and also examined the services provided to the program participants at the occupation centers. This box presents some of the findings concerning participants in the experiment, taken from the evaluation report to be published shortly. The findings show how the program affected benefit recipients, both immediately prior to the start of the program and eight months after its implementation.

Changes in the program compared with the "From Income Support to Secure Employment" program

- a. The definition of the population referred to the employment test in the program framework: claimants under age 45 are required to participate; claimants aged 45-50 are required to participate for two months, after which they can choose whether to continue to present themselves for the employment test in the framework of the program or to report to the Employment Service; claimants aged over 50 are exempt from participation in the program and they report to the Employment Service.
- b. Perseverance grant: a bonus is paid to participants who start work and whose gross monthly wage is more than NIS 850, as well as to employed participants who increase their monthly wage by at least NIS 850. The grant is paid in installments, and the maximum (cumulative) amount after a year is NIS 4,200.
- c. Change in the financial model of the operating companies: the profits of the companies are mainly determined on the basis of quality placements (that is, in jobs with higher wages for longer periods) and less according to the saving in benefit payments.
- d. The operators were given the task of constructing special tracks for 4 groups: immigrants, academics, those with medical disabilities, and veterans in the income support system. The operation of these special tracks was subject to the approval of the program administration. During the period when the study was conducted, no special tracks were in operation, and individuals in these four groups were not required to participate in activities in the program framework, except for one hour a week.

The study design

The study was designed to monitor two groups: the experimental group, including a sample of participants from four regions, and the control group, which included benefit recipients who live in comparable areas and have similar characteristics to the recipients in the experimental areas¹.

The effect of the program was assessed using the "difference in the differences" method – calculating the difference between the changes that occurred in the experimental group between the two points in time that were studied, before referral to the program and eight months later, and the changes in the control group between the same points in time.

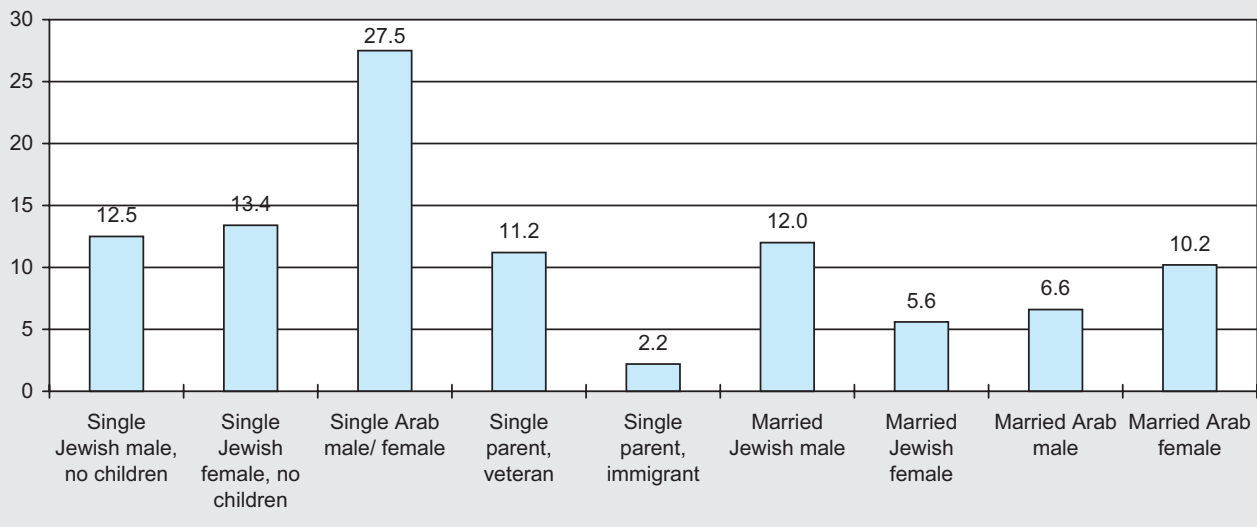
Main findings

A. Changes in employment from November 2007 to July 2008

- At the time of referral to the program, 41.4% of members in both the experimental group and the control group were employed. Over the next 8 months, the proportion of employed in the experimental group increased by 10.5 percentage points and in the control group by 1.4 points. Thus, the effect of the program on the proportion of employed was positive and estimated at 9.1 percentage points.
- Of those who were employed eight months after their referral to the program, 68% were employed also at the time of the referral ("continuing employment") while 32% of them were not employed at the time of referral ("joining the workforce").

1 Due to the difficulty in locating a control region similar to the neighborhoods of East Jerusalem, it was decided to match the control group to Jewish residents of Jerusalem only.

Diagram 1
Effect of Program on Changes in Proportion of Employed about Seven Months after Date of Submitting Claim, in Total, and by Demographic Profile of those Referred to Program, Individuals (percentage points)



- The most striking impact on the rate of employment was found among single Arabs (27.5 percentage points). Among single Jews, men and women, veteran single parents, married Jewish men and married Arab women, the effect of the program was more moderate (about 12 percentage points), while among single-parent immigrants, married Jewish women and married Arab men, no effect was found.
- The program had a positive effect on employment in the 25-34 age group (about 14 percentage points), and a more moderate effect on the 18-24 and 35-44 age groups (about 7 percentage points). The program had a strong effect on participants with 12 years' education (12.6 percentage points), and a more moderate impact on those with 9-11 years' education (9.8 percentage points). The program had no effect on those with 13 years' education or more, or on those with 0-8 years' education.

B. Changes in average monthly wages

- The program had a significant effect on average pay for work, assessed at NIS 332.
- There were no differences in average salaries between the experimental group and the control group for those who were in full-time work. The wages of those who recently joined the work force, from both groups, were about NIS 3,670, which was slightly higher than the average wage of "continuing workers" from both groups, about NIS 3,470.

- There was a difference of about NIS 240-300 between the experimental and control groups, in the average wage of people in part-time work, both newly employed and continuing workers.
- For all demographic groups, except for single Jewish males, the program had a significant positive effect on average pay for work.
- The program was found to have a significant positive effect on average wages for all age groups.
- The effect on the average wages of claimants with disabilities was similar to the effect on claimants without disabilities, and was assessed at NIS 341.

C. Changes in receipt of income support benefit

- The proportion of families who were reported to be receiving income support eight months after the claim was 59% in the experimental group, compared with 78% in the control group. The program can therefore be credited with a decrease of about 19 percentage points in the proportion of families receiving the benefit.
- Differences were found in the reasons given by families for why they were not receiving the benefit eight months after referral: a higher proportion of families in the experimental group had renounced the benefit (22% compared with 13% in the control group) or had been refused the benefit (17% compared with 11%), while in the control group a higher proportion of families reported being ineligible for the benefit (46% versus 31% in the experimental group), while 22% of the control group reported bureaucratic reasons for not receiving the benefit, compared with 12% in the experimental group.
- 88% of the families in the experimental group who reported that they were not receiving income support after eight months in the program had income from work at the start of the program, compared with 96% of the families in the control group who did not receive the benefit.
- 12% of families in the experimental group who were not receiving income support after eight months in the program were receiving other benefits from the National Insurance Institute, compared with 4% of those in the control group.

Impact of program on family income

- The program was found to have a positive impact on family income from work – total income of both spouses – some seven months after having submitted a claim. The program's effect on the average monthly income from work is assessed at NIS 441.

- In accordance with the decrease in the proportion of families who reported receiving the benefit, the program had a negative effect on income from income support. The average monthly income from the benefit decreased by NIS 447.
- The positive effect on income from work can be offset against the negative effect on income from income support. Therefore, the program had no effect on the overall monthly income of families referred to the program.
- No significant positive effect from the program was found on the total income of families in any of the demographic groups. (See Diagram 2.) The effect of the program on the decrease in income from income support is greatest among Arab couples (NIS 879) and Jewish couples (NIS 720), but it is largely balanced by the positive impact on income from work (NIS 801) among Arab couples, and on income from work (NIS 754) and disability pension (NIS 210) among Jewish couples. The program was also found to have a negative effect on income from income support benefit among individuals without children (Jewish and Arab), but this effect is balanced by the program's positive effect on income from work. Among veteran single parents, there was also a significant negative effect (NIS 265).

B. Main points of the Income Support Law in its 2003 version

The new legislation, which was basically anchored in the Economic Arrangements Law of 2003, introduced far-reaching changes in the elements of the Income Support Law regarding the working age population – in the maximum level of benefit, in the income test and in the employment test. The amendments to the Income Support Law also affected the Alimony (Guarantee of Payment) Law. The new legislation came into effect in January 2003, but was implemented only in June 2003 with respect to reductions in benefits and changes in the income test.

In its current version, the Income Support Law permits, for the long term, two rates of benefit – the regular rate and the increased rate – but in fact it sets three levels of benefit for the transition period³. The Law distinguishes between those eligible for benefit aged 55 and over⁴ and those under 55 years of age. The benefit for members of the former group remained unchanged for all family compositions – they are entitled to the increased rate of benefit, as they were before January 2003, without distinction between new participants and those previously eligible⁵.

The distinction between new participants and those who were previously eligible is only relevant for those who have not yet reached the age of 55. Regarding this age group, for **all** new participants, and for all those previously eligible for the increased rate, benefit will be paid at the regular, but now reduced rate, while for those previously eligible for the increased rate, benefit will be paid at the reduced rate.

The significance of these changes is that eventually – at the end of the transition period – all those not yet aged 55 will be eligible for the benefit at the regular reduced rate only.

Since January 2003, the Employment Service is no longer entitled to define a claimant for income support as temporarily or permanently implacable in work. Persons not required to report to the Employment Service were defined in the Income Support Law in its new version. The main amendment concerns mothers of young children; prior to the amendment, they were exempt from the employment test if their youngest child was under the age of 7. After the amendment, they are exempt only until their child reaches the age of 2. The situation of a widow regarding the employment test was given parity with that of a mother of small children: until 2003, widows with children up to the age of 18 were exempt from reporting to the Employment Service, irrespective of their children's ages. There is no change in the situation of women eligible for maintenance (alimony) payments, and they are exempt from the employment test under the new legislation as well. As stated, in 2004, the Integration of Benefit Recipients in Employment Law (temporary order) was approved, and in August 2005, the responsibility for administering the employment test in the regions of the experiment was transferred from the Employment Service to the private occupation

3 The changes in benefit levels and in the income test are described in detail in the NII Annual Survey for the years 2002-2003.

4 The rates of income support benefit for recipients of old age and survivors' pensions remained unchanged. Those eligible for benefits from the Work Injury branch will be eligible for an income support benefit at the same level as that of survivors in the old age and survivors branch, regardless of their age.

5 A person who is "previously eligible" is one who began receiving the benefit before January 1, 2003, including anyone whose benefit was stopped for a period of no more than six months.

centers. Participants in the program are recipients of income support benefits who are eligible on the basis of "unemployment" or "low wages".

From January 2007, ownership of a car by a benefit claimant does not automatically exclude him/her from eligibility for payment of income support (which was the case previously, except for very special needs such as medical needs), if the claimant's car has an engine volume of no more than 1300 cc, and at least 7 years have elapsed since the end of its year of production or it has an engine volume of up to 1600 cc and at least 12 years have elapsed since the end of its year of production. A car owner is eligible for benefit only if the claimant (or his/her spouse) has an income from work that exceeds 25% of the *average wage* (in the case of a claimant of retirement age – 17% of the average wage). The Law also applies to persons who were dismissed from their job.

In addition, the situation was improved for those eligible for a benefit who travel abroad and who (themselves or their spouses) have reached retirement age. Traveling abroad 3 times a year for no more than 72 days will not affect their eligibility for benefit. Traveling abroad for a fourth time or exceeding the framework of 72 days will exclude the claimant from eligibility during the whole period that they were out of the country in the same calendar year. Before the amendment, a second or subsequent trip abroad in the same calendar year excluded the claimant from eligibility.

In addition, in July 2008, an amendment to the Law was passed, in which single parents can receive income support benefit even if they are studying in an institute of education above secondary level or taking a course lasting more than 12 months. The purpose of the amendment is to assist single parents to acquire a suitable education, to help them to integrate into the labor force and to improve their work skills, so that they can earn more and break out of the cycle of unemployment. Eligibility for the benefit is granted in such situations only if the claimant meets all these conditions:

- Single parent, eligible for benefit by cause;
- Income support has been paid for 16 out of the 20 months prior to the month when studies commence;
- The syllabus does not grant a master's or doctoral degree;
- Benefit is paid during a period of studies of no more than 36 months;
- For the unemployed – the studies take place in the evening.

C. Developments in number of income support recipients

The period June 2003- December 2008 shows a continuous downward trend in the number of recipients of income support benefit. This trend began with the implementation of the strict legislation in June 2003 – when the benefit was denied to about 5,000 families and the obligation to pass the employment test as a condition for eligibility was expanded to other population groups – and continued, due to the ongoing impact of the reduction in the maximum income qualifying a person to income support, and to the improvement in the employment situation in the country, from 2004 to mid 2008. The operation of employment centers in the framework of the "From Income Support to Secure Employment" program in August 2005, and the "Prospects of Employment" program in 2007 accelerated this trend.

Table 1
Number of Families Receiving Income Support, by Seniority in Israel*, 2000-2008

Year	Total		Veterans		New immigrants	
	Absolute number	% change	Absolute number	% change	Absolute number	% change
2000	128,364	12.4	80,476	14.9	47,889	8.5
2001	141,840	10.5	91,264	13.4	50,576	5.6
2002	151,600	6.9	96,000	5.2	55,600	9.9
2003	155,178	2.4	99,953	4.1	55,225	-0.7
1-5/2003	158,528	--	101,211	--	57,317	--
6-12/2003	151,254	--	97,549	--	53,704	--
2004	145,550	-6.9	94,830	-5.1	50,720	-8.1
2004**	144,661	--	94,139	--	50,522	--
1-7/2004	145,312	--	94,071	--	51,241	--
8-12/2004	143,749	--	94,234	--	49,515	--
2005	139,940	-3.3	93,037	-1.2	46,903	-7.2
1-7/2005***	142,321	-2.1	94,302	0.2	48,019	-6.3
8-12/2005***	136,606	-5.0	91,267	-3.1	45,339	-8.4
2006	130,337	-6.9	88,144	-5.3	42,193	-10.0
1-7/2006***	132,380	-7.5	89,084	-5.9	43,296	-10.9
8-12/2006***	127,477	-7.2	86,829	-5.1	40,648	-11.5
2007	120,218	-7.8	82,488	-6.4	37,730	-10.6
1-7/2007***	122,748	-7.3	83,931	-5.8	38,817	-10.3
8-12/2007***	116,677	-8.5	80,469	-7.3	36,208	-10.9
2008	111,808	-7.0	78,011	-5.4	33,798	-10.4
1-7/2008***	113,073	-7.9	78,454	-6.5	34,619	-10.8
8-12/2008***	110,037	-5.7	77,390	-3.8	32,647	-9.8

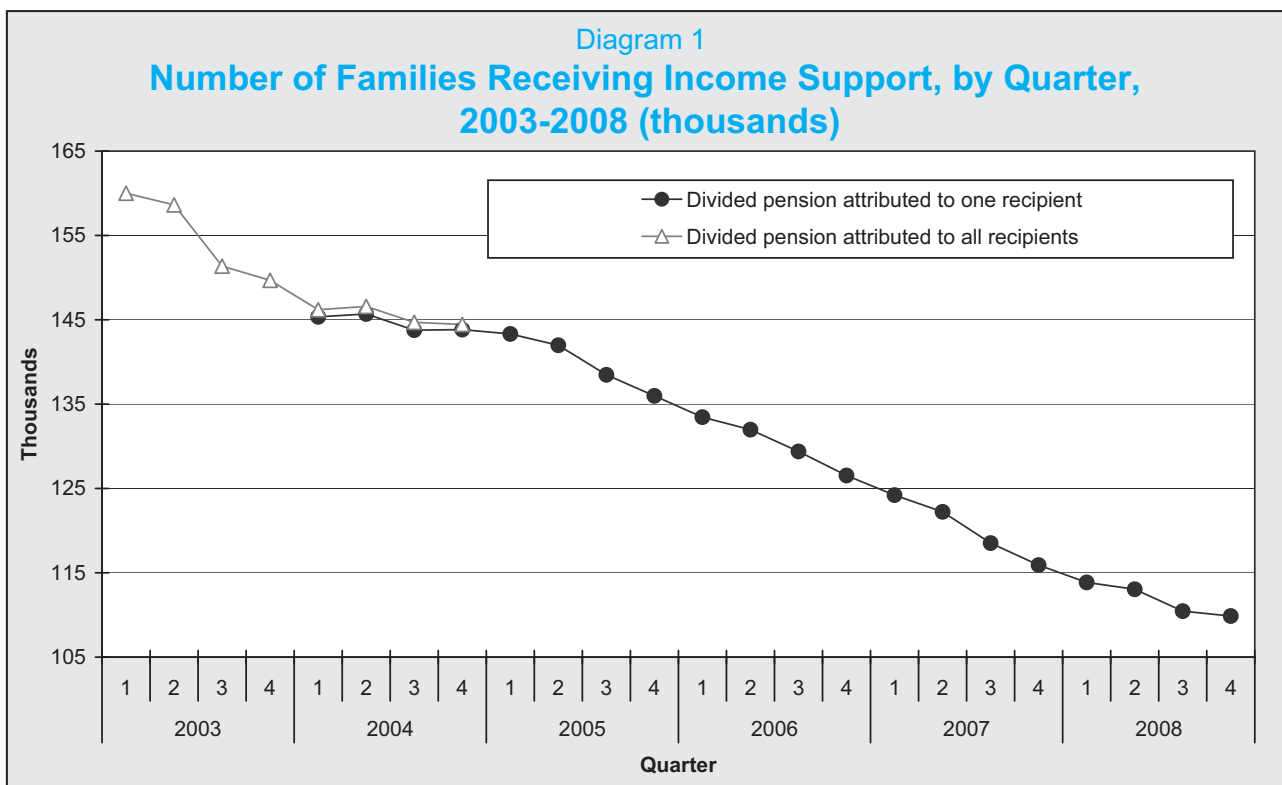
* Seniority in Israel is determined by the seniority of the benefit claimant.

** In calculating this figure and the figures after it in the series, a benefit that is divided between a number of recipients is credited to only one recipient. When calculating the previous figures in the series, all recipients of the divided benefit are counted in the total number of recipients. The two figures for 2004 show the difference between the two series.

*** Compared with the parallel period in the previous year.

The implementation of the Economic Arrangements Law 2003 led to a reduction in the number of recipients, from a peak of about 160,000 (monthly average) at the beginning of 2003, to 145,300 in the first half of 2004. The ongoing effect of this law, combined with the improvement in the employment situation led to a further – though more moderate – reduction in recipients, to about 142,000 in the second quarter of 2005. The introduction of the "From Income Support to Secure Employment" program (in August 2005) reinforced the downward trend, and the number of recipients dropped to a monthly average of about 130,300 families in 2006, and continued to drop to a monthly average of about 120,200 families in 2007, and 111,800 in 2008 (Table 1). The reduction in 2008 is the result of operating the "Prospects of Employment" program, and also the result of the clear and steady reduction in the number of benefit recipients on corresponding grounds (unemployment and low wages) who reported to the Employment Service, and in the number of recipients on other grounds (Table 2).

A summary of developments from June 2003 to 2008 shows a continuing reduction in the number of income support benefit recipients (as a monthly average), at a cumulative rate of about 29%. During a period of 5.5 years, the number of recipients decreased by about 41,000 families. Table 1 and Diagram 1 clearly illustrate this development.



A focused look at the period during which the "From Income Support to Secure Employment" program was operated (Table 2) shows that about 139,300 families⁶ were receiving a benefit just before the program was introduced (July 2005) – about 14,900 were living in the regions of the experiment and received benefit on the grounds of "unemployment" and "low wages", and therefore were required to participate in the program and were referred to occupation centers from August 2005 onwards. The remaining 124,400 families who were receiving a benefit lived in other parts of the country. Table 2 shows the developments in July and December, for the years 2005-2008.

The number of recipients of benefit in the "From Income Support to Secure Employment" program was reduced by 68%, from 14,900 families just before the program started, to 4,800 in November 2008. In the first eighteen months, there was an impressive reduction of 49.1%. In the period January-July 2007, the number of families receiving a benefit through the program stabilized. In January 2008, there was an increase of 3.0% following the expansion of the regions of the experiment in December 2007. In March 2008, there was a significant reduction of 12.2%, due to the transfer of those aged 45+ to the Employment Service (those aged 45-50 who had participated in the first months of the program before this transfer). From March 2008 to December 2008, there was a cumulative decrease of 13.0%. In total, the number of families in the program decreased from January to December 2008 at a cumulative rate of 24.2%. On grounds that are comparable with the rest of the country, the number of recipients decreased at a cumulative rate of 1.7% from January to December 2008, and the number of families receiving the benefit on other grounds decreased at a cumulative rate of 9.1% in the same period. In all, the number of benefit recipients in 2008 decreased at a cumulative rate of 4.1% (from 113,852 in January 2008 to 109,572 in December 2008), with 32% of this reduction attributed to the "From Income Support to Secure Employment" program.

6 The figures for July 2005 are slightly different from those published in the 2005 Survey, in order to reflect more recent rates of change. (These figures are also shown in the follow-up reports that we published after implementation of the program.)

Table 2
**Families who Received Income Support Benefit* through the
 "From Income Support to Secure Employment" Program, and Other Recipients,
 July 2005 – December 2008**

Date	Total	Outside the "From Income Support to Secure Employment" / "Prospects of Employment" program			"From Income Support to Secure Employment" / "Prospects of Employment" program
		Total	On grounds of unemployment or low wages	On other grounds	
2005					
July	139,271	124,394	100,743	23,651	14,877
December	134,224	122,915	100,871	22,044	11,309
2006					
July	130,370	121,770	100,306	21,464	8,600
December	125,559	117,986	96,949	21,037	7,573
2007					
July	119,918	112,437	92,639	19,798	7,481
December	114,969	109,031	90,142	18,889	5,938
2008					
January	113,852	107,733	89,305	18,428	6,119
February	114,132	107,990	89,674	18,316	6,142
March	113,593	108,198	89,834	18,364	5,395
April	113,937	108,655	89,979	18,676	5,282
May	113,310	108,113	89,994	18,119	5,197
June	111,890	106,733	88,861	17,872	5,157
July	110,795	105,719	87,944	17,775	5,076
August	110,897	105,835	88,425	17,410	5,062
September	109,673	104,760	87,316	17,444	4,913
October	109,948	105,057	87,892	17,165	4,891
November	110,097	105,295	88,119	17,176	4,802
December	109,572	104,823	87,939	16,884	4,749

* A family is counted among the participants in the "From Income Support to Secure Employment"/ "Prospects of Employment" program if at least one spouse is required to participate.

As stated above, at the beginning of the "Prospects of Employment" program (August 2007), 7,500 families participated. The number decreased to 5,900 by the end of 2007 (a decrease of 21%), due to the transfer of those aged 45+ to the Employment Service in October 2007. In December 2007, the regions covered by the program were expanded ("full take-up of regions") and the number of benefit recipients in the program areas increased to 6,100 families in January 2008. At the same time, the number of families receiving benefit on grounds parallel to those in the rest of the country decreased from 90,100 to 89,300.

Table 3 shows the development in the number of families in the "Prospects of Employment" program, starting from the stage of expansion of the program regions⁷. In all regions of the program, before and after full utilization, and particularly afterwards, the number of families receiving benefit declined. The most outstanding reductions were in the Jerusalem region and the Hadera region (including Netanya), where the cumulative rate of decline from January 2008 to December 2008 in the original program areas was 23.6% and 22.3% respectively, and after full utilization, the rate was 45.4% and 40.9% respectively.

Table 3
Families Receiving Income Support who are in "Prospects of Employment" Program, by Program Regions Before and After Region Expansion, January 2008-December 2008

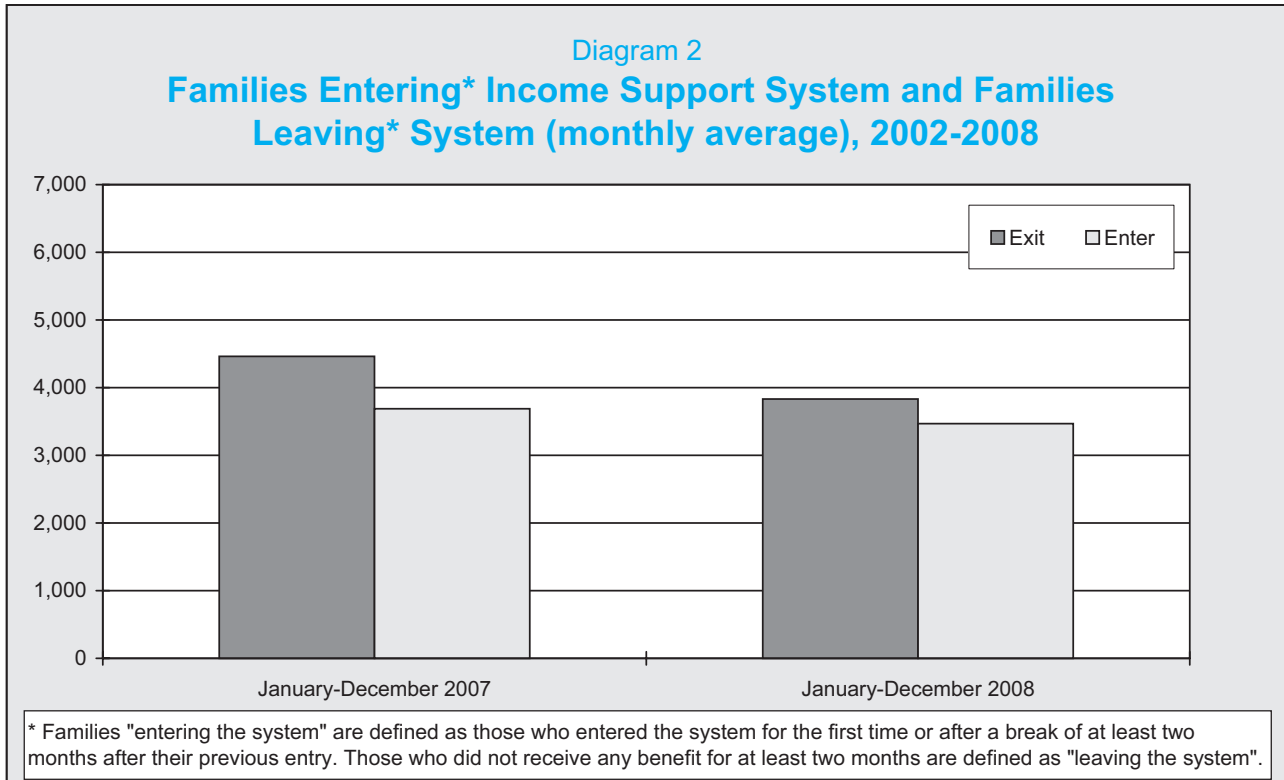
Month	Ashkelon		Jerusalem		Hadera		Nazareth	
	Before expansion ⁸	After expansion ⁹	Before expansion ⁷	After expansion ⁸	Before expansion ⁷	After expansion ⁸	Before expansion ⁷	After expansion ⁸
January	778	293	772	1,048	635	1,272	1,202	568
February	794	303	752	1,025	628	1,297	1,218	572
March	776	254	750	685	605	999	1,190	439
April	774	256	704	663	597	952	1,180	434
May	763	247	691	652	585	919	1,179	428
June	760	249	698	652	560	908	1,169	427
July	743	244	701	636	549	869	1,159	437
August	727	254	677	639	544	866	1,172	447
September	708	254	650	616	526	818	1,155	446
October	708	257	645	612	530	804	1,135	441
November	700	253	622	618	525	789	1,120	415
December	685	256	603	602	504	786	1,127	423
Cumul. % change	-13.0%	-13.7%	-23.6%	-45.4%	-22.3%	-40.9%	-6.8%	-27.5%

An analysis of the flows of entering and exiting the system in 2007-2008, as illustrated in Diagram 2, shows that in 2008 the numbers entering and leaving decreased in comparison with 2007, and the gap between the numbers leaving and entering narrowed, from about 800 to about 400. These changes explain the low rate of decrease in the number of recipients in 2008 (7.0%), compared with the rate in 2007 (7.8%), and also the continued reduction in the number of recipients of income support benefit, due mainly to the continuing slowdown in entries to the system.

7 The program was expanded to cover all of Jerusalem and all of Ashkelon, while Netanya was added to the Hadera region, plus Ein Mahel and the whole of Upper Nazareth was added to Nazareth.

8 Only includes the original regions of the program.

9 Includes both the original and the expanded program regions.



D. Characteristics of income support recipients

1. Family composition and seniority in Israel

The reduction in the number of benefit recipients since mid-2003 was accompanied by a change in the family composition of recipients. The impact of legislative changes affecting benefit levels, the income test and the employment test, which also manifested itself in 2004-2007, was not uniform in its extent among the various population groups. Apart from the effect of changes in the law, it is possible that not all individuals had a greater number of employment opportunities following the growth in the economy, and these differences could also have an effect on the composition of the population of income support recipients. In order to illustrate the changes in population composition, we have chosen to show the following data:

- For the beginning of 2003 (prior to the legislative changes);
- For 2004 (in which the full short-term effect of the legislative changes could be seen);
- For 2005, in respect of two periods – January-July, and August-December (before and after the implementation of the "From Income Support to Secure Employment" program);
- For 2006 (in which the program was in full operation);

- For 2007 (termination of the "From Income Support to Secure Employment" program and commencement of the "Prospects of Employment" program);
- For 2008 (in which the "Prospects of Employment" program was in full operation).

The data presented in Table 4 indicates two main developments: the reduction in the number of income support recipients among single-parent families and couples with children, and the moderate growth rate in the number of individuals receiving the benefit until mid-2005, when this number began to drop. The number of single-parent families decreased from a monthly average of 53,200 at the beginning of 2003, to 42,000 in 2004, and to 29,400 in 2008. The number of couples with children, 39,000 in the first quarter of 2003, declined steadily to a monthly average of 23,600 in 2008. On the other hand, the number of individuals receiving the benefit increased from 58,300 in the first quarter of 2003, to a monthly average of 60,900 in the first half of 2005. When the "From Income Support to Secure Employment" program was introduced, the number began to drop, to a monthly average of 53,500 in 2007. As the "Prospects of Employment" program continued and expanded to other regions in December 2007, the number of individual recipients continued to decrease to a monthly average of 50,700 in 2008.

These developments reflected changes in the composition of the population – the share of single-parent families in the total number of recipients decreased to 26.3% in 2008 (compared with 33.2% at the beginning of 2003) and the share of couples with children decreased slightly – from 24.4% to 21.1%. At the same time, the share of individuals increased considerably – from 36.5% to 45.3%, respectively. In other words, the data show a sharp reduction in the proportion and number of families with children, from 2003 to mid-2005, and a moderate reduction until 2008.

Table 4

Recipients of Income support Benefit, by Family Composition and Seniority in Israel (Veterans/Immigrants), 2003-2008

Family composition	Numbers			Percentages		
	Total	Veterans	Immigrants	Total	Veterans	Immigrants
January-March 2003						
Total	160,006	102,194	57,812	100.0	100.0	100.0
Individual	58,331	38,000	20,331	36.5	37.2	35.2
Single + children	53,191	25,662	27,529	33.2	25.1	47.6
Couple	9,468	5,070	4,398	5.9	4.7	7.6
Couple + children	39,016	33,462	5,554	24.4	32.7	9.6
Average 2004						
Total	144,661	94,139	50,522	100.0	100.0	100.0
Individual	60,105	39,480	20,624	41.5	41.9	40.8
Single + children	42,003	20,350	21,653	29.0	21.6	42.9
Couple	8,826	4,758	4,068	6.1	5.1	8.1
Couple + children	33,727	29,550	4,177	23.3	31.4	8.3
January-July 2005						
Total	142,321	94,302	48,019	100.0	100.0	100.0
Individual	60,953	40,448	20,505	42.8	42.9	42.7
Single + children	39,628	19,836	19,792	27.8	21.0	41.2
Couple	9,260	5,129	4,131	6.5	5.4	8.6
Couple + children	32,480	28,889	3,590	22.8	30.6	7.5
August-December 2005						
Total	136,606	91,267	45,339	100.0	100.0	100.0
Individual	59,299	39,324	19,975	43.4	43.1	44.1
Single + children	37,727	19,409	18,319	27.6	21.3	40.4
Couple	9,091	5,145	3,945	6.7	5.6	8.7
Couple + children	30,489	27,389	3,100	22.3	30.0	6.8
Average 2007						
Total	120,218	82,488	37,730	100.0	100.0	100.0
Individual	53,539	35,703	17,836	44.5	43.3	47.2
Single + children	32,470	17,961	14,510	27.0	21.8	38.5
Couple	8,411	5,065	3,346	7.0	6.1	8.9
Couple + children	25,798	23,760	2,038	21.5	28.8	5.4
Average 2008						
Total	111,808	78,011	33,798	100.0	100.0	100.0
Individual	50,683	33,843	16,840	45.3	43.4	49.8
Single + children	29,401	17,024	12,377	26.3	21.8	36.6
Couple	8,145	5,179	2,967	7.3	6.6	8.8
Couple + children	23,579	21,965	1,614	21.1	28.2	4.8

2. Grounds for eligibility

Table 5 shows the breakdown of individuals who received the benefit in the period 2005-2008 by grounds for eligibility. Following the trend that became apparent in 2003, the increase in the proportion of the unemployed in the total number of benefit recipients continued to rise in the first part of 2005. At the same time, there were signs of a reduction in the proportion of mothers of young children, and of those claimants aged 55 and over who could not be placed in work. The trend that characterized the latter two groups continued into 2006 and 2007. As already stated, in August 2005, new grounds for eligibility were added – the "From Income Support to Secure Employment" grounds, which included both the unemployed and low-wage earners. Therefore, the comparison in Table 5 in respect of periods prior to August 2005 should be made for all three grounds requiring an employment test – the unemployed, those in the "From Income Support to Secure Employment" ("Prospects of Employment") program, and those receiving low wages. The data indicates that, in 2008, the proportion of recipients on grounds requiring an employment test was 78.9% of all recipients, compared with 78.1% in 2007.

The reduction in the "From Income Support to Secure Employment" grounds for receiving benefit, from 8.3% at the start of the program (August 2005 –December 2005), to 3.8% in 2008, in spite of the expansion of the program, has two main causes – the success of the program in helping recipients of income support benefit to leave the system, and the transfer of those aged 45+ to the Employment Service (in October 2007) on the grounds of unemployment. (The increase in the rate of unemployed from 60.8% in 2007 to 63.4% in 2008 is also explained by this move).

Table 5
Recipients of Income Support Benefit – Claimants and their Spouses, by Grounds for Eligibility, 2005-2008

Grounds	January-July 2005		August-September 2005		Average 2007		Average 2008	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
Total	184,061	100.0	176,187	100.0	154,427	100.0	143,640	100.0
Unemployed	113,584	61.7	99,647	56.6	93,817	60.8	90,970	63.4
In training or under evaluation	4,666	2.5	2,748	1.6	2,291	1.5	1,636	1.1
The "From Income Support to Secure Employment"/ "Prospects of Employment" program	-	-	14,696	8.3	7,486	4.8	5,526	3.8
Low wages	26,647	14.5	21,956	12.5	19,268	12.5	16,723	11.6
Addicts	3,974	2.2	3,932	2.2	3,788	2.5	3,619	2.5
Cannot be placed in work (aged 55+)	9,856	5.4	8,914	5.1	5,778	3.7	4,053	2.8
Mother/father	17,046	9.3	15,813	9.0	12,682	8.2	11,434	8.0
Other	8,281	4.5	8,472	4.8	9,318	6.0	9,570	6.7

3. Benefit rates

Following the legislation introduced in 2002-2003 regarding the various benefit levels, there was a significant change in the composition of recipients at the three levels. The proportion of recipients of benefit at the regular rate increased from 36% in 2004, to 40% in 2008, the proportion of recipients of increased rate of benefit for those aged under 55 ("previously eligible") decreased from 22% to 13%, and the proportion of recipients of increased rate of benefit for the 55+ age group increased from 21% in 2004 to 28% in 2008.

On the basis of the family compositions shown in Table 6, we can see that the proportion of couples with children and of individuals who receive the benefit at the regular rate increased in the years 2004-2008, by a cumulative rate of 16% and 4.9%, respectively. The proportion of "previously eligible" – recipients of the increased rate aged under 55 – decreased both among couples with children (by a cumulative rate of 46.9%) and among individuals (cumulative rate of 44.3%). The proportion of individuals receiving the increased rate for those aged 55 or over increased during this period by a cumulative rate of 61%, and the proportion of couples (with or without children) receiving the increased rate for the 55+ age group increased by a cumulative rate of about 24%. The proportion of single parents (aged 55 or less) decreased from 20.0% at the end of 2004 to 17.7% at the end of 2008.

Table 6

Recipients of Income Support Benefit, by Family Composition and Length of Time in Israel, 2004-2008

Family composition	December				
	2004	2005	2006	2007	2008
Individuals receiving regular rate	17.8	18.7	18.5	18.3	18.6
Single persons receiving increased rate (aged 55 or less, "previously eligible")	6.5	5.5	4.8	4.4	3.8
Individuals receiving increased rate (aged 55+).	8.4	9.6	11.0	12.3	13.0
Single parents (aged 55 or less)	20.0	19.3	18.7	18.2	17.7
Couples receiving increased rate (aged 55+)	7.4	7.7	8.5	8.9	8.9
Couples with children receiving regular rate	16.5	17.1	17.8	18.1	18.9
Couples with children receiving increased rate (aged 55 or less, "previously eligible")	14.3	12.2	10.4	9.2	8.0
Couples with children receiving increased rate (aged 55+),	4.8	5.1	5.5	5.7	5.9

4. Income from work

From Table 7, which shows families with income from work by family composition and income level, can be seen that the reduction that had characterized the number of benefit recipients since 2004 was accompanied by a slight increase in the proportion of working families. In 2007, 28.1% of families receiving benefit had income from work, and in 2008 the figure was 28.6% (compared with 25.5% in 2004). The main increase occurred between 2006 and 2008 (although the **number** of working families decreased over the years 2006-2008). The data on level of income shows that in

2006 the share of families with low income remained stable compared with 2005. In 2007 it decreased slightly and in 2008 it continued to decrease. In 2008, 62.6% of the families had income from work of no more than NIS 2,000, compared with 65.3% in 2006. Together with the increase in the proportion of working families in 2008, the proportion of families earning up to NIS 2,000 increased (that is, the income level did not improve).

Table 7
**Recipients of Income Support (Families) with Income from Work,
by Family Composition and Income Level, 2005-2008**

Family composition	Total		Income level (NIS)					
	Absolute numbers	% of all families	1-1,000	1,000-1,000	1,500-2,000	2,000-3,000	3,000-3,500	3,500+
January-July 2005								
Total	37,240	26.2	22.5	21.9	21.1	19.2	7.8	7.5
Single person	9,261	15.2	44.9	28.0	19.0	8.0	0.1	0.0
Single parent + children	17,313	43.7	15.5	20.0	21.8	22.7	9.5	10.5
Couple	2,327	25.1	30.3	35.3	15.8	14.2	3.2	1.2
Couple + children	8,340	25.7	10.1	15.6	23.4	25.6	14.2	11.2
August-December 2005								
Total	35,227	25.8	22.9	22.1	21.2	19.5	7.4	6.9
Single person	9,109	15.4	44.4	28.1	19.0	8.4	0.1	0.0
Single parent + children	16,163	42.8	15.6	19.7	21.8	23.5	9.2	10.1
Couple	2,253	24.8	30.0	36.1	15.7	13.9	3.4	0.9
Couple + children	7,702	25.3	10.6	16.1	24.2	25.6	13.5	10.0
Average 2006								
Total	34,681	26.6	22.2	21.9	21.2	20.3	6.8	7.7
Single person	9,321	16.3	43.0	28.4	18.9	9.6	0.1	0.0
Single parent + children	15,625	43.8	14.5	18.6	21.8	24.8	8.8	11.5
Couple	2,296	26.4	27.2	37.6	15.9	13.8	3.8	1.6
Couple + children	7,439	26.0	10.5	15.6	24.6	26.1	12.1	11.0
Average 2007								
Total	33,784	28.1	20.7	21.7	21.8	21.8	5.8	8.1
Single person	9,413	17.6	39.7	29.5	19.6	11.1	0.1	0.0
Single parent + children	14,843	45.7	13.3	17.4	21.8	27.2	7.9	12.4
Couple	2,265	26.9	24.5	37.5	18.2	13.8	3.8	2.2
Couple + children	7,263	28.2	10.2	15.5	25.9	27.3	9.5	11.6
Average 2008								
Total	31,993	28.6	18.9	21.7	22.0	23.7	5.6	8.2
Single person	9,383	18.5	35.3	32.0	20.2	12.4	0.0	0.0
Single parent + children	13,505	45.9	12.1	15.7	21.4	29.6	8.1	13.1
Couple	2,182	26.8	21.4	36.3	20.1	15.3	3.7	3.1
Couple + children	6,923	29.4	9.1	14.7	26.1	30.0	8.6	11.5

E. Implementation of Integration of Benefit Recipients in Employment Law, August 2005 - December 2008

1. Participants in the "From Income Support to Secure Employment"/ "Prospects of Employment" program

As stated, in August 2005, the "From Income Support to Secure Employment" program went into operation in an experimental format run by overseas corporations that joined forces with Israeli companies and were selected by tender. The program is run in four regions of Israel, and in each region at least one occupation center was set up. These centers are responsible for conducting the employment tests in the regions of the experiment (instead of the Employment Service) and deal with income support benefit recipients and benefit claimants **who reside** in the regions of the experiment and who are **required** to pass the employment test as a condition for receiving the benefit. The grounds for eligibility for those who are required to take the employment test (the unemployed and low-wage earners) in the regions of the experiment are named after the program – the "From Income Support to Secure Employment"/ "Prospects of Employment" grounds.

The planners of employment objectives, who are stationed in the employment centers, are responsible for work placements and for providing any assistance required, and also for preparing a personal plan for each participant (accordance with the recommendations of the professional committees in cases referred for special evaluation). The personal plan is based on weekly activity of 30-40 hours, which includes – in addition to part-time work for fewer hours – various activities intended to promote the individual's integration into the labor force. The plan may include vocational training, further education, workshops on job hunting, plus practical work experience to inculcate work habits, and recently also employment evaluation. The part-time work may be work in the community (without pay) for a limited period – but only for non-profit organizations or in special projects run by public bodies. In appropriate cases, the hours of the personal plan may be reduced by half or even more, according to the participant's limitations.

In order to promote integration into work, the occupation centers should assist in removing any other barriers that may prevent participants from going out to work, by providing work-support services – help with child care and baby sitting, reimbursement of traveling expenses to and from the work place, etc.

Eligibility for income support benefit is still determined by the National Insurance Institute, but is subject to confirmation from the employment objectives planner that the participant has indeed followed the plan prepared for him. Failure to follow all or part of the plan can lead to suspension of the benefit for a month, and refusal to take an offered job – for two months. The Law also protects benefit recipients, and anyone who considers himself adversely affected by the planner's decision is entitled to appeal to the Appeals Committee.

The "Prospects of Employment" program was introduced in August 2007, following a number of changes to the "From Income Support to Secure Employment" program – changes in the definition of groups referred for employment tests in the framework of the program, awarding a perseverance grant for participants who start work or increase the scope of their job, changes in the economic

model, and handling immigrants, academics, the disabled and long-time benefit recipients according to their particular needs (for more details, see box in this chapter). In December 2007, the population of the program was expanded to include additional towns (Netanya, Ein-Mahel and Basma) and the entire population of Nazareth, Jerusalem and Ashkelon.

2. Demographic features

Before the centers were opened, the benefit recipients who were obligated to participate in the experimental "Prospects of Employment" program were found to be similar in their characteristics to other recipients of benefits on the grounds of unemployment and low wages. The proportion of women in both these groups was about 63% and the proportion of immigrants was about 32%. Participants at the start of the program were slightly older than non-participants, but the proportion of single parents and the proportion of couples with children were similar in both groups.

In a comparison of the changes that occurred among participants in the program with the changes among those who did not participate at the end of 3 years (2008), the following developments are striking:

- The proportion of women among participants in the "Prospects of Employment" program increased, while in the rest of the country it remained unchanged.
- The proportion of older people among participants decreased considerably, and increased in the non-participating population, mainly due to the transfer of the 45+ age group from the occupation centers to the Employment Service.
- Changes in the proportion of individuals, single parents and immigrants show opposite trends in the two groups – the proportion of immigrants and single-parent families increased quite considerably among participants in the program and decreased in the population outside the program. In the case of individuals, the situation is reversed.

Table 8

Characteristics of Income Support Recipients in the "From Income Support to Secure Employment"/ "Prospects of Employment" program and in the Rest of the Country, December 2005, November 2007 and December 2008

Characteristic	Participants in the program			Non-participants (required to take the employment test)		
	Dec. 2005	Nov. 2007	Dec. 2008	Dec. 2005	Nov. 2007	Dec. 2008
Women	66.2	73.9	76.1	63.3	64.0	63.1
Immigrants	34.8	34.0	35.9	30.4	28.5	25.8
Young people (under 30)	12.0	17.8	17.0	17.2	12.1	12.2
Elderly (over 50)	34.0	5.8	3.2	31.0	40.0	39.6
Individuals*	39.9	23.1	21.2	41.9	44.2	45.1
Single parents*	28.9	50.4	52.9	25.6	23.5	22.2
Couples with children*	23.3	25.0	24.7	25.6	24.2	24.8

* Out of all families. The other rates were calculated as a proportion of all individuals.

2. Old-Age and Survivors' Insurance

A. General

Old-age and survivors' insurance constitutes the first tier of the pension system in Israel, and ensure a basic income for the elderly who have retired from active work and for the survivors of an insured person after his or her death. Pension from work is the second tier of the pension system, and, together with old-age and survivors' insurance, is intended to provide the elderly and retired with a reasonable minimum standard of living. The application of the agreement on compulsory comprehensive pensions in Israel entered its second year in January 2009, and a description of the agreement and issues to be considered regarding its implications are specified in the Annual Survey of the National Insurance Institute for 2007.

An old-age pension is paid to every insured person on a universal basis with no means test of income (from work and capital), at a fixed age – 65 for women and 70 for men – and at a conditional age for those who meet the means test. Until June 2004, the conditional age was 60-64 for women and 65-69 for men. In mid-2004, implementation began of the Retirement Age Law, in which the age of eligibility for old-age pensions was raised gradually for both men and women: the conditional age for the pension for men was raised from 65 to 67, and therefore their eligibility when aged 67-69 is conditional on a means test. The fixed age for men did not change. The age of conditional eligibility for women was raised from 60 to 64, in two stages: first to 62, and after a break of 3 years, to 64. The fixed age of eligibility for women was raised gradually from 65 to 70, and therefore eligibility between the ages of 62 (or 64) and 69 is conditional on a means test.

Pursuant to the Retirement Age Law, during 2008, men and women aged 66/61 and eight months respectively in that year could receive an old-age pension. In practice, this group includes men and women who reached the age of 65/60 in September 2006 to April 2007, and became eligible for the pension in September to December 2008. Housewives who reached the age of 66 years and 8 months in 2008 (the fixed age) could also receive their old-age pension in that year.

In 2009, the process of gradually raising the conditional age of eligibility for men to 67 and the first stage of gradually raising the conditional age of eligibility for women to 62 will be completed¹.

Increments are added to the basic old-age pension for a spouse and children, plus a seniority increment and a pension deferral increment. In addition, starting in April 2008, a special increment is paid for an insured aged 80 or over. The seniority increment is paid to anyone who has been insured for more than ten years, and is equal to 2% of the pension for each year above the first ten years, but no more than 50%. The pension deferral increment is granted to those who postpone taking their pension during the years when there is a means test for income from work or capital (from the conditional age to the fixed age), due to their earnings. This increment is equal to 5% of the pension for each year of postponement. The special increment for those aged 80 and over is 1% of the *basic amount*.

¹ The process of postponing the age of eligibility for the old-age pension is described in the Annual Survey of the National Insurance Institute for the years 2002-2003.

Survivors' Insurance is paid to the survivors of an insured after his or her death. Increments for children and seniority increments are added to the basic pension, and since April 2008, there is also an increment for survivors aged 80 or over, as stated above. A widower is eligible for a survivors' pension if he still has dependent children or meets the criteria of the means test required by law.

Income support for the elderly and survivors is paid to recipients of old age and survivors' pensions on low incomes, up to the minimum living income as defined in the Income Support Law for this population².

Benefits not under the National Insurance Law – the National Insurance Institute pays special benefits, which are fully funded by the Government, to elderly persons and survivors who are not eligible for a pension under the National Insurance Law.

Eligibility for these special benefits applies mostly to new immigrants who are over the retirement age when they arrive in Israel (according to the Retirement Age Law), and are therefore not insured under the National Insurance Law. The rates of the basic pension paid to them are the same as the pension rates under the law, and eligibility is usually conditional on a means test. No seniority increment or pension deferral increment is added to these benefits; however, since April 2008, those aged 80 or over receive the increment mentioned above. The maximum income support benefit paid to the recipients of these pensions is equal to the amount paid under the Law. The changes to the age of eligibility under the Law also apply to recipients of pensions that are not according to the Law.

In April 2008, the rates of basic old-age and survivors' pensions were increased by about 1.9%. The basic pension for an individual rose from 16.2% of the *basic amount* to 16.5%, and for other family combinations it rose accordingly. In addition, a special increment equal to 1% of the *basic amount* was paid to eligible recipients aged 80 or over. This increment is defined in the Law as the difference between 17.5% and the basic rate for an individual – 16.5%. Not only that: old-age and survivors' pensions with income supplement were increased according to the recipient's age: by about NIS 29 on average for eligible pensioners under the age of 80 and by about NIS 200 on average for eligible pensioners aged 80 or over.

In January 2009, the old-age and survivors' pensions were updated at the rate of 4.5%, in line with price changes during 2008. This was a continuation of the increase of 2.8% that was applied in January 2008.

2 Since March 2008, income from work that is more than 20% of the basic amount (for an individual) or 24% (for a couple), and pension income that is more than 13% of the basic amount (for an individual) or 20.5% (for a couple) is deducted from the income support supplement. Income from work that is greater than these amounts is deducted at the rate of only 60%; income from a pension that is greater than these amounts is deducted in full; income from other sources, including old age and survivors' pensions, and income from capital, is fully deducted from the income support supplement from the first shekel, with no exemptions whatsoever.

Counseling Service for the Elderly – since the early 1970s, a service offering advice to the elderly has been operating within the National Insurance Institute, based on voluntary activity by the elderly to provide support for other old people. The service is part of the Institute's work in the community and of the activity of the funds for development of services for a range of population groups in Israeli society. A description of the Counseling Service for the Elderly, its objectives and its various activities, was given in the Annual Survey of the National Insurance Institute for 2005. In 2008, about 4,500 volunteers were active in this Service, and there were about 414,000 home visits to the elderly. The Service handled about 128,000 requests for advice.

B. Recipients of old-age and survivors' pensions

In 2008, the National Insurance Institute paid old-age pensions pursuant to the National Insurance Law and special old-age benefits to about 630,900 elderly people, and survivors' pensions to about 104,900 survivors, on average each month. The recipients of old-age pensions include some 85,400 elderly people (in December 2008) who receive a full old-age pension and half the survivors' pension, and about 24,500 disabled elderly people who receive the disability supplement (see section (5) below). The number of recipients of old-age pensions under the National Insurance Law increased in 2008 by about 2% and the number of recipients who received survivors' pensions only decreased by 0.3%.

Table 1
**Recipients of Old Age and Survivors' Insurance,
by Type of Pension and Basis in Law (average per month) 2006-2008**

	Number of recipients (average)			Annual rate of growth		
	2006	2007	2008	2006	2007	2008
Total	727,516	728,891	735,916	1.1	0.2	0.9
Old Age						
Total	622,335	623,692	630,904	1.2	0.2	1.2
Under the NI Law	539,266	544,631	555,507	2.1	1.0	2.0
Not under the NI Law	83,069	79,061	75,397	-4.1	-4.8	-4.6
Survivors						
Total	105,181	105,199	104,892	0.1	0.0	-0.3
Under the NI Law	104,623	104,659	104,378	0.2	0.0	-0.3
Not under the NI Law	558	540	514	-3.3	-3.2	-4.8

The number of people receiving special benefits continued to fall in 2008 at a rate of 4.6%, after a decrease of 4.8% in 2007. This development follows the trend of a slowdown in the rate of growth of this population from the second half of the 1990s. These trends are the result of a decrease in the number of elderly immigrants to Israel and of the mortality rate among elderly immigrants.

Because of the limited rates of immigration, this population will in fact continue to decrease in size as the years pass. The proportion of recipients of special benefits among all recipients of old-age pensions increased from 8.4% in 1990 to 18.7% in 1996. From 1997, this proportion gradually declined to 12% in 2008. The total number of recipients of old-age pensions under the National Insurance Law, and not under the Law, increased by 1.2% in 2008, and the total number of recipients of old-age and survivors' pensions increased by 0.9%.

C. Recipients of old-age and survivors' pensions plus income supplement

Recipients of old-age and survivors' pensions who have no other sources of income or whose income from other sources is extremely low are eligible for a supplement to their pension by virtue of the Income Support Law. The number of people receiving income supplement increased continuously between 1990 and 2001, following the addition of many new immigrants to the system, but then began to fall gradually (see Diagram 1), mainly as a result of the decrease in the number of immigrants eligible for special benefits.

Table 2 shows the percentage of recipients of the income supplement by type of pension and number of dependants (which is the basis for determining the level of pension) in December 2008. The percentage of those eligible for income supplement among all recipients of old age and survivors' pensions in December 2008 reached 25.5%, compared with 25.9% in December 2007. The percentage of those receiving income support among all recipients of old-age pensions under the Law rose slightly to 15.9%, and, among recipients of survivors' pensions under the Law, it fell to 27.8%. The percentage of those receiving income support was higher among the recipients of old-age and survivors' benefits not under the National Insurance Law, who consist mainly of new immigrants: 95.1% of these old-age pensioners and 74.5% of these recipients of survivors' pensions were eligible for income support in December 2008.

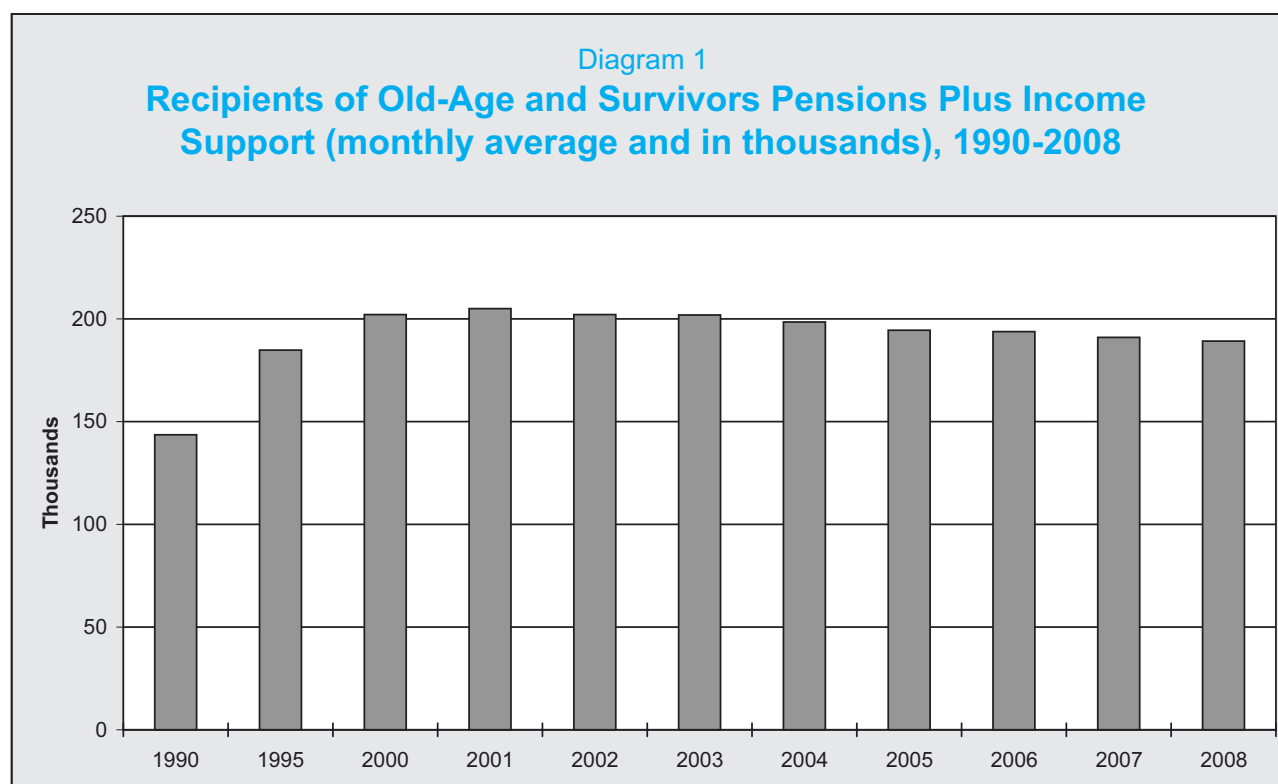


Table 2
Recipients of Old-Age and Survivors' Pensions, by Type of Pension and Number of Dependents, December 2008

Type of Pension	Total	Number of dependents*			
		None	1	2	3 plus
Old-age and survivors – total	740,689	653,179	76,030	6,847	4,633
% receiving income support	25.5	23.1	46.6	22.0	23.9
Old-age pensions under the NI Law	562,396	511,459	47,996	1,930	1,011
% receiving income support	15.9	13.5	39.5	35.2	53.7
Old-age benefits not under the NI Law	73,801	56,574	16,704	257	266
% receiving income support	95.1	96.4	90.8	88.3	97.4
Survivors' pensions under the NI Law	103,995	84,762	11,267	4,632	3,334
% receiving income support	27.8	31.6	11.1	12.6	8.8
Survivor's pensions not under the NI Law	497	384	63	28	22
% receiving income support	74.5	80.5	49.2	57.1	63.6

* Includes spouse and/or children in old-age pensions and children in survivors' pensions.

D. Recipients of old-age pension and half the survivors' pension

Among the recipients of old-age and survivors' pensions are some who receive both types of benefit – old-age and survivors (hereinafter: *both pensions*). The old-age pension is paid by virtue of the insurance of the insured person himself/herself, while the survivors' pension is paid by virtue of the spouse's insurance for his/her survivors. Irrespective of which pension an individual was first eligible for, anyone who is entitled to *both pensions* will receive the full old-age pension to which he/she is entitled and half the survivors' pension to which he/she is entitled. Only those receiving the pension **under the NI Law** are eligible for *both pensions*. Recipients of a benefit **not under the NI Law** receive their benefit by virtue of an agreement, and not by virtue of insurance rights in the Old-Age and Survivors' branch.

In December 2008, 85,410 widows and widowers were entitled to *both pensions*, about 94.5% of them women (Table 3), representing about 15.2% of recipients of old-age pensions under the NI Law. The high proportion of women receiving two pensions is not surprising, and there are a number of reasons for this. The first reason is that the number of insured men is higher than the number of insured women: only women insured as working women can grant their spouses the right to a survivors' pension (housewives cannot grant their spouses any insurance rights), while all men grant their wives the right to the insurance. The second reason is that the right to a survivors' pension for a widower without children depends on a means test, and the third reason is that women generally marry older men, while their life expectancy is longer than that of men. For all these reasons, there are more women entitled to *both pensions*.

In December 2008, the average level of *both pensions* together was NIS 2,444, about a third of which was the survivors' pension. The average level of both pensions to which men are entitled is higher than the pensions of women, since the men's old-age pensions are larger, due to the higher seniority increment and pension deferral increment. As expected, the proportion of recipients of income support among recipients of both pensions is not high – only 7.2%, since the total of *both pensions* in itself is usually higher than the amount of a pension with income support. The proportion of men receiving income support is double the proportion of women, since widowers have to meet the means test for eligibility for a survivors' pension, while widows are exempt from the test. Not only that, women are generally eligible for a higher survivors' pension than men (NIS 842 compared with NIS 723), because of the longer seniority periods accumulated by their husbands.

The average age of recipients of *both pensions* is higher than the age of all those eligible for old-age pensions under the NI Law. The average for men is 79.5 years, compared with 76.0 for all recipients, while for women it is 77.1 compared with 72.3, respectively.

Table 3
Characteristics of Recipients of Both Pensions, by Gender, December 2008

	Total	Men	Women
Number of recipients	85,410	4,761	80,649
% recipients of income support	7.2	14.0	6.9
Average pension (NIS)	2,444	2,534	2,438
Thereof: recipients of half of the survivors' pension (NIS)	836	723	842
Average age	77.2	79.5	77.1

E. Recipients of old-age pension to disabled

The National Insurance Institute disability pension is paid to disabled persons until they reach retirement age, after which they are paid the old-age pension. Following amendments to the law that were passed in 2002 to improve benefits for the disabled, the old-age pension for the elderly disabled who reached retirement age after 1.1.2002 is equal to their disability pension, including the *additional monthly pension* (see the chapter on disability), which was paid before they reached retirement age. The additional monthly pension is paid to people with at least 50% medical disability and at least 75% work incapacity, and currently ranges between NIS 214 and NIS 316 per month, according to the percentage of medical disability. When changing over to the old-age pension, the disabled person effectively receives a supplement up to the amount of the disability pension and the *additional monthly pension*, if he/she is entitled to it in addition to the old-age pension.

In December 2008, some 24,459 disabled elderly people received an old-age pension with the disability supplement, about 45% of them women (Table 4). Some 81% of these disabled elderly people also received the additional monthly pension. The average amount of the old-age pension for disabled elderly persons in December 2008 was NIS 2,379, of which about a quarter represents the supplement for disability and the additional monthly pension.

Table 4
Characteristics of Recipients of Old-Age Pension for the Disabled, by Gender, December 2008

	Total	Men	Women
All recipients	24,459	13,516	10,943
Thereof: recipients of the additional monthly pension	19,698	11,161	8,537
Average pension (NIS)	2,379	2,446	2,297
Thereof: recipients of the supplement for disability and additional monthly pension (NIS)	592	546	650
Average age	67.0	69.4	64.1

F. Seniority increment

The seniority increment to the old-age pension is granted to elderly persons who were insured by the National Insurance Institute for more than ten years. It is equivalent to 2% of the basic old-age pension for each additional insured year above the first ten years, and no more than 50% of the pension. In 2008, the percentage of women receiving the seniority increment continued to rise, and reached 71.5%, while the percentage of men receiving this increment remained steady at 92.9% for the last three years. The average seniority increment paid to pensioners under the NI Law was also unchanged in 2008, at 29.4% of the basic pension. (The average rate of the seniority increment paid to those eligible is 36.6%.) The average increment received by men was double the increment received by women – 41.0% compared with only 21.3%, respectively. (The average rate of seniority increment paid to those eligible is 44.1% and 29.8%, respectively.)

The percentage of men and women who received the seniority increment among newly eligible recipients in 2008 remained stable at 94.4% and 77.7%, respectively. These percentages were higher than the percentage of men and women in the population as a whole who received this increment. The average seniority increment paid to the newly eligible in 2008 continued to fall among both women and men, and the gap in this increment between the genders remained large: 39.3% for men and 24.6% for women. With the increase in the participation of women in the labor force and the continued rise in the retirement age, an increase in the percentage of women eligible for seniority increment is expected, in particular the maximum seniority increment, as well as an increase in the average seniority increment.

Table 5
**Recipients of Old-Age Pensions under NI Law,
 by Percentage Receiving Seniority Increment and Pension Deferral Increment and
 Average Rate of Increment (percentages and averages) 2003-2008 (December)**

Year	Percentage receiving increment*			Average increment for recipients of pension		
	Total	Men	Women	Total	Men	Women
Seniority Increment						
2003	79.1	93.2	68.1	28.4	40.4	19.0
2003**	80.0	90.1	70.6	31.2	38.9	24.0
2004	79.4	93.1	68.8	28.7	40.6	19.6
2004**	82.6	92.1	73.9	32.1	40.5	24.5
2005	79.5	93.0	69.3	28.8	40.6	20.0
2005**	81.9	91.5	73.4	31.2	38.8	24.6
2006	79.8	92.9	70.0	29.1	40.8	20.4
2006**	84.2	92.9	76.5	32.0	39.8	25.0
2007	80.1	92.9	70.8	29.4	44.0	20.8
2007**	85.7	94.4	78.0	31.6	41.0	25.2
2008	80.4	92.9	71.5	29.4	41.0	21.3
2008**	83.7	94.4	77.7	29.9	39.3	24.6
Pension deferral increment						
2003	13.7	14.6	13.0	2.3	2.4	2.2
2003**	12.3	9.4	15.0	2.1	1.6	2.5
2004	13.7	14.5	13.1	2.3	2.4	2.2
2004**	11.4	11.4	11.5	2.0	2.0	1.9
2005	13.7	14.5	13.1	2.3	2.4	2.2
2005**	13.2	14.3	12.2	2.3	2.6	2.1
2006	13.7	14.5	13.1	2.3	2.5	2.2
2006**	12.6	14.7	10.7	2.4	2.8	2.0
2007	13.5	14.4	12.9	2.3	2.4	2.2
2007**	10.4	13.2	8.4	2.0	2.5	2.6
2008	13.5	14.6	12.8	2.3	2.5	2.2
2008**	12.8	18.5	9.6	2.5	3.6	1.9

* All recipients.

** Newly eligible.

G. Pension Deferral Increment

The pension deferral increment is paid to those who have reached retirement age for each year in which they do not receive the old-age pension because of their income from work, and it is equal to 5% of the basic pension for each year. This increment is less significant than the seniority increment, both in terms of the number of recipients and in terms of the rate.

The percentage of men who received the pension deferral increment in 2008 increased slightly to 14.6%, after three years without change, and the percentage of women who received this increment continued to fall slightly, to 12.8%. The percentage of men and women among the newly eligible who received this increment increased to 18.5% and 9.6%, respectively. The average

increment paid to recipients in 2008 remained stable: 2.5% for men and 2.2% for women, and the average increment for those receiving this increment was 17%, that is to say, for an average postponement of 3.4 years. The increment paid to all newly eligible recipients for postponing the pension in 2008 was slightly higher than the increment paid to all recipients, 2.5% and 2.3% respectively. In addition, in 2008 there was an increase in the rate of the average increment paid to newly eligible men and a certain decrease among the women. This increment is also higher on average among the newly eligible than among all recipients – 19.5% against 17%. Thus new retirees are working slightly more years beyond retirement age than are recipients in general. Following the Retirement Age Law, the rate of the increment among women is expected to increase, since the number of years by which they can postpone their retirement will increase to 6 years on completion of the process of raising their age of conditional eligibility to 64 and their fixed age to 70, compared with 5 years before application of the Law.

H. Level of pensions

In 2008, the basic old-age pension decreased by 0.4% in real terms, after steady increases in the four previous years, in spite of the increase in the pension in April 2008 (above the regular update), since in fact the increase in prices in 2008 was higher. However, the basic old-age pension as a percentage of the average salary remained unchanged – 15.2%. The old-age pension with income supplement also decreased in 2008, by 1% in real terms, after steady increases during the previous four years.

The basic survivors' pension continued to increase in real terms in 2008, but by negligible amounts, while the survivors' pension with income supplement decreased by 1% in real terms, after steady increases in the four years before 2008.

Table 6
**Summary – Basic Old-Age and Survivors' Pensions,
by Selected Family Compositions, 2002-2008**

Year	individual		Couple		Widow + 2 children**	
	2008 prices (NIS)	% of average wage	2008 prices (NIS)	% of average wage	2008 prices (NIS)	% of average wage
2002	1,193	15.6	1,789	23.3	2,358	30.8
2003	1,158	15.6	1,738	23.4	2,338	31.5
2004	1,163	15.2	1,745	22.8	2,347	30.6
2005	1,178	15.2	1,768	22.8	2,338	30.2
2006	1,202	15.3	1,802	23.0	2,346	29.9
2007	1,212	15.2	1,818	22.8	2,350	29.5
2008	1,208	15.2	1,814	22.9	2,336	29.5
2008 – eligible persons aged 80+	1,263	15.9	1,888	23.9		

* After the reduction introduced in the old-age pension between July 2002 and June 2006.

** Excluding the child allowance.

I. Scope of payments

In 2008, the total payments of the Old-Age and Survivors branch (without administrative costs) increased in fixed terms by 0.9%. Pension payments under the National Insurance Law increased in real terms by 2%, and pension payments not under the Law fell by 3.2% in real terms. The share of benefit payments not under the Law (which also include payments of income supplement for recipients of pensions under the NI Law), out of all old-age and survivors' pension payments, reached 19.4% in 2008. The total of all payments for National Insurance benefits in 2008 (without administrative costs) increased by 1.4% in real terms, which was greater than the rate of growth in payments in the Old-Age and Survivors branch. Therefore, the proportion of old age and survivors' pensions in National Insurance payments for 2008 decreased to 37.7%.

Table 7
**Payments of Old-Age and Survivors' Pensions (without administrative costs),
 current prices and 2008 prices, 2003-2008**

Type of pension	2003	2004	2005	2006	2007	2008
	Current prices (NIS million)					
Total payments	15,551	15,780	16,257	17,165	17,461	18,425
Under the NI Law	12,296	12,615	12,910	13,628	13,920	14,842
Not under the NI Law	3,255	3,165	3,347	3,537	3,541	3,583
	2008 prices (NIS million)					
Total payments	16,843	17,160	17,451	18,049	18,261	18,425
Under the NI Law	13,318	13,718	13,859	14,330	14,558	14,842
Not under the NI Law	3,525	3,442	3,592	3,719	3,703	3,583

3. Long-term Care Insurance

A. General

The Long-Term Care Insurance Law was approved by the Knesset in 1980, and came into force in April 1988. The Law was designed to keep the elderly in a community framework for as long as possible, by providing personal care for those who need assistance with daily living and by helping their families to care for them. The Law applies to everyone who is covered by old-age and survivors' insurance, to *housewives* (married women who do not work outside the home), and to new immigrants who are not covered by old-age and survivors' insurance. Eligibility for the benefit applies to all elderly residents of Israel who have limited ability to carry out everyday activities and who meet the income test and the test of dependency on others for the performance of their daily activities, on condition that they are living in the community. Anyone living in a nursing home or in a nursing ward of an old-age home is not entitled to this benefit.

The means test, the rules for which are laid down in the regulations of the Law, is a personal test. As a condition for receiving the benefit in kind – that is, the long-term care service – only the income of the elderly person and of his/her spouse is examined. As a condition for receiving a monetary benefit, the income of any family member who cares for the elderly person and lives with him/her is also examined. The means test is conducted by the claims officer, and the test of dependency on others is performed by professional evaluators. The evaluators include nurses, occupational therapists and physiotherapists, who undergo appropriate training. Since July 2008, following the approval of a private bill in the Knesset, a person who reaches the age of 90 can have the dependency test conducted by a geriatric specialist in a hospital, clinic or public institution.

The long-term care benefit is not paid in cash, but is rather awarded to eligible persons as services, provided by organizations that are paid by the National Insurance Institute. The basket of long-term care services covered by the benefit includes personal care in the elderly person's home or at a day care center, supervision, transport to day care centers, provision of absorbent padding products, laundry services and use of distress transmitter services. A cash benefit is only given to those for whom no services are available, or where services cannot be provided at the times specified in the Law. However, in March 2008, the National Insurance Institute embarked on a pilot program for providing a cash benefit in three areas of the country. The experiment will last for two years. During that time, elderly people living in the pilot areas can elect to receive a cash payment for long-term care, on condition that they score at least 6 points in the dependency test and that they are actually receiving long-term care services from a caregiver who is not a family member, for most of the day, and for six days a week¹.

In January 2007, three levels of long-term care benefit were defined, according to three levels of dependency: a benefit of 91% of the full disability pension for an individual, of 150%, or of 168% of the full disability pension. In January 2008, these benefits were updated by 2.8%, in line with the

1 Note that arrangements giving elderly people a choice of long-term benefits exist in a number of western countries; they were described in the 2005 Annual Survey.

increase in the *basic amount*² (following price rises during 2007) from which the benefits are derived. In January 2009, the long-term care benefit was increased by 4.5%, in line with price rises during 2008.

The Law stipulates that the Minister of Welfare and Social Services must appoint local professional committees, consisting of a social worker, a nurse and an employee of the National Insurance Institute. These committees must determine the treatment plan for elderly people who are entitled to the benefit: what services they require and who will provide them. The committees must also ensure that the services are indeed provided, or alternatively state explicitly that no services are available for that individual.

B. Claims and eligibility for long-term care benefit

In 2008, the number of claims for long-term care benefit declined by 1.7%, after continual increases in the four previous years, and totaled about 74, 100. The number of first claims in 2008 decreased by 3.7% compared with 2007, and the number of repeat claims (second or more) fell by almost 0.26%. As a result, the number of repeat claims as a percentage of all claims rose to 59.1% in 2008.

Table 1
Claims, Percentage of Approved Claims and Percentage of Repeat Claims, 2002-2008

Year	Number of claims	Annual rate of growth	% of repeat claims	% of approved claims*
2002	71,007	4.3	51.8	44.3
2003	63,928	-10.0	55.7	43.2
2004	71,246	11.4	58.6	43.5
2005	71,568	0.5	59.9	46.7
2006	72,257	1.0	58.2	49.2
2007	75,375	4.3	58.2	47.3
2008	74,085	-1.7	59.1	47.4

* Claims approved in the first eligibility decision. The calculation does not include claims by people who submitted claims and died, or by people whose eligibility was delayed.

In 2008, the percentage of approved claims rose slightly, to 47.4%. The percentage of approved claims among first time claims in 2008 reached 54.3%, compared with 53.7% in 2007, and the percentage of approved repeat claims remained unchanged at 42.7%. The rise in the rate of approved first time claims in 2008 is expressed by some decline in the percentage of inadmissible claims – claims by people who received 0 or 0.5 points in the ADL test³ – and an increase in the

2 See note 25 in Chapter 1.

3 Activities of Daily Living – the test examines limitations in every day activities (such as eating, dressing, washing, mobility in the home, excreting).

size of the cluster of parameters around 2.5 points – the threshold for benefit eligibility. In 2008, the percentage of inadmissible claims reached 28.3% compared with 28.8% in 2007, and the percentage of claims for people with 2.5 points in the ADL test reached 16.3%, compared with 15.7% in the previous year. It should be noted that the analysis of the percentages of approved claims, of inadmissible claims and of claimants in the cluster around the threshold of points for eligibility also includes claims for which no assessment of dependency was carried out, and which were not approved because of preliminary conditions, such as age.

The numbers eligible for long-term care benefit continued to rise in 2008 by about 4.9%, and reached a monthly average of 131,500. The number of people eligible for the benefit rose by 309%, from 1991 to 2008, a rate five times higher than the rate of increase of the number of elderly in that period. The numbers eligible for the benefit, out of all elderly people, increased considerably, from about 6% in the first years of implementation of the Law, to a record of 15.3% in 2008.

Table 2
Eligibility for Long-Term Care Benefit and Elderly in Israel, 2002-2008

Year	Eligible for long-term care*		Elderly people in Israel**		Rate of cover***
	Numbers (thousands)	Annual growth (%)	Numbers (thousands)	Annual growth (%)	
2002	112.3	6.5	758.1	1.8	14.8
2003	113.0	0.6	769.3	1.5	14.7
2004	113.4	0.4	780.5	1.5	14.5
2005	115.0	1.4	794.9	1.8	14.5
2006	120.3	4.6	813.8	2.4	14.8
2007	125.5	4.3	836.5	2.8	15.1
2008	131.5	4.9	860.0	2.8	15.3

* Monthly average.

** Average population of men aged 65+ and women aged 60+, according to figures from the Central Bureau of Statistics. The figure for 2008 is an estimate.

*** Numbers eligible for benefit as a percentage of the number of elderly people. From mid-2004, the retirement age rose gradually from 65 to 67 for men and from 60 to 64 (in 2 stages) for women. Therefore, the number of elderly according to the former retirement age was larger and the coverage rate was smaller.

Table 3
Eligibility for Long-Term Care Benefit, by Demographic Characteristics and Benefit Level (monthly average, percentages), 2008

	Absolute numbers	Percentage
Total (absolute numbers)	131,460	100.0
Gender		
Men	38,296	29.1
Women	93,164	70.9
Age		
Up to 64*	1,270	1.0
65-69	6,368	4.8
70-74	16,340	12.4
75-79	27,658	21.0
80-84	36,816	28.0
85+	43,008	32.7
Family composition		
Live alone	61,782	47.0
Live with spouse	52,340	39.8
Live with children or others	17,338	13.2
Seniority in Israel		
Veterans	99,459	75.7
Immigrants** – total	32,001	24.3
Thereof: those who immigrated after 1999	3,378	2.6
Benefit level		
Low (91%)	75,556	57.4
High (150%)	32,824	25.0
Very high (168%)	23,080	17.6

* Age group includes women only.

** People who immigrated to Israel after 1989.

An examination of the demographic features of eligible persons in 2008 shows that almost a quarter (24.3%) were immigrants who came to Israel after 1989, of whom 2.6% immigrated after 1999, and the rest are veterans in the country. The number of women is almost three times higher than the number of men. In the breakdown by age, almost a third of the eligible persons are aged 85 and over, and more than half (60.7%) are aged 80 and over. Only 4.8% of the eligible persons are aged 65-69. In the area of family composition, only two out of five (39.8%) live with a spouse, while almost half (47.0%) live alone, and one in seven (13.2%) live with someone else – usually a son or daughter (Table 3).

For 57.4% of eligible claimants, a low level of entitlement was approved – 91% of the full disability allowance for a single person) (including those whose benefit was reduced by half following a means test). A higher level of entitlement – 150% – was approved for a quarter of claimants, while the remaining claimants – about 17.6% – were approved a very high level of entitlement – 168%.

C. Organizations providing long-term care services and services provided

The services provided under the Long-Term Care Insurance Law are given through official organizations recognized by the Ministry of Welfare and Social Services as providers of authorized services, under a contract between these organizations and the National Insurance Institute. In recent years, the Institute has published a number of tenders, with the aim of setting up a pool of providers of long-term care services; however, every time, the companies and associations appealed against the tenders that were published, and they were not implemented, for various reasons, including strong pressure from the providers, who prefer to act in the framework of individual contracts. Recently, the Court rejected the appeals against the last tender published in 2008, in which the long-term care companies were required, among other things, to improve the rights of their caregivers, and at the beginning of 2009 the tender was published again. A service provider can be a not-for-profit public organization, such as Matav (the acronym for Home Caregivers), a day care center, or a private organization operating as a business.

Table 4 below describes the breakdown of hours of personal care at home provided in December 2008, by type of service provider. In all, in December 2008, service providers supplied about 6.8 million hours of personal care at the home of people eligible for long-term care benefit. About 4.8 million hours (70.5%) were provided by private organizations, about 1.1 million hours were provided by Matav organizations (16.2%), and the remaining 0.9 million hours (13.3%) were provided by public associations.

Table 4
**Number of Personal Care Hours at Home, by Type of Service Provider,
December 2008**

Type of service provider	No. of hours of personal care in the home	
	Numbers (thousands)	Percentage
Total	6,855	100.0
Private organization	4,833	70.5
Matav (home caregiver)	1,111	16.2
Not-for-profit public organization	912	13.3

Table 5 shows the breakdown of recipients of long-term care services in December 2008, by type of service provided. It must be remembered that persons eligible for the benefit can receive more

than one type of service, and therefore the total of all recipients of long-term care services is greater than the number of persons who are eligible for the benefit.

The vast majority (98.1%) of recipients of long-term care services in December 2008 received personal care at home from a local or foreign caregiver. 7.1% received care at a day care center, 18.3% received absorbent padding products, and 12.4% received a distress transmitter. 70.1% of those receiving personal care at home received no other services from the basket of services. Only 9% of recipients who received personal care at day care centers received no other services, and the rest combined personal care with other services.

Table 5
**Recipients of Long-Term Care Services, by Type of Service,
December 2008**

Type of service	Number of recipients	Percentage receiving the service	
		Of total eligible for benefit	As sole item, out of all recipients of this service
Total*	182,967	-	-
Personal care at home	131,630	98.1	70.1
Personal care at day center	9,505	7.1	9.0
Absorbent padding products	24,526	18.3	0.3
Distress transmitter	16,701	12.4	0.4
Laundry services	605	0.5	0.8

* A person eligible for the benefit can receive more than one type of service. Therefore, the total of all recipients in the table is greater than the number of those eligible for the benefit – about 134,200.

D. Scope of payments

In addition to direct payment of benefits, the Long-Term Care Insurance Law requires payment for other items connected to long-term care insurance. 15% of annual receipts are allocated to the Ministry of Health and the Ministry of Welfare and Social Services, in order to increase the number of people admitted to institutions. In practice, the Ministry of Health usually uses the full allocation, while the Ministry of Welfare and Social Services only uses part of it. Money is also allocated to the fund for the development of communal and institutional services for the elderly.

In 2008, the total of all payments transferred to finance the Long-Term Care Insurance Law amounted to about NIS 3.3 billion (in 2008 prices): about NIS 3.1 billion to provide services to those eligible, and the rest to develop services in institutions and in the community and to conduct dependency tests. The sum of NIS 78 million was transferred to the Ministry of Welfare and Social Services and the Ministry of Health, in order to increase the number of elderly people in long-term care institutions (Table 6). In addition, the sum of NIS 79.1 million was transferred to the Ministry of

Welfare and Social Services, to Clalit Health Services and to assessors, to prepare a program for treating the eligible and conducting dependency tests.

Table 6
Total Payments under Long-Term Care Insurance Law,
by Type of Payment (NIS thousand, 2008 prices), 2003-2008

Year	Total	Long-term care benefits	Transfers to external bodies*	Development of services	Patients in long-term institutions	On account of agreements with the Ministry of Finance
2003	2,665.6	2,467.9	62.5	24.9	107.1	3.2
2004	2,687.4	2,480.8	66.4	37.5	99.9	2.7
2005	2,734.6	2,522.2	74.6	39.9	95.4	2.5
2006	2,856.9	2,665.7	64.8	31.5	92.4	2.4
2007	3,212.9	3,012.1	73.9	37.3	87.2	2.4
2008	3,300.3	3,120.2	79.1	20.7	78.0	2.3

* Transfers to the Ministry of Welfare and Social Services and Clalit Health Services for preparation of a program for treating the eligible recipients, and transfers for conducting dependency tests.

In 2008, the extent of payments made under the Long-Term Care Insurance Law increased by about 2.7% in fixed amounts (2008 prices). Payments of benefits increased by 3.6% as a result of the rise in the number of people eligible for long-term care benefit, particularly those eligible at the higher level. The average level of benefit in fixed prices fell by 0.3% in 2008.

4. Children Insurance

A. General

Child allowance – A child allowance is paid each month to every family with children in Israel, for the purpose of assisting with the expense of raising children. Over the years, child allowances have undergone many changes; from 2002, they declined sharply as a result of various economic plans.

In 2008, child allowances rose in comparison with 2007, because they were updated in line with the increase in the consumer price index of the previous year. Nevertheless, the ongoing decrease in child allowances which, as stated, began with large cutbacks in 2002, continued in 2008. This continuing decline is also and perhaps mainly due to the decision to pay a uniform allowance for children born after June 2003 (*new children*), who are the third or subsequent child in their families. These children receive an allowance equal to the allowances for the first two children, compared with the higher allowance paid for third and subsequent children born before June 2003 (*veteran children*).

The entry of *new children* into the system and the exit of *veteran children* from it continued to reduce the amounts paid in child allowances in 2008 compared with 2007. In 2008, child allowance payments amounted to some NIS 4.84 billion, compared with NIS 4.94 billion in 2007 (in fixed prices) – a decrease of about NIS 100 million. Apart from the change in payments for third and subsequent *new children*, the decrease this year was also due to a reduction in the increment to the child allowance. (See below under " Increment to child allowance.")

The cumulative erosion of child allowances in the last six months has led to a considerable gap in child allowance payments over this period, from NIS 8.3 billion in 2001 to NIS 4.8 billion in 2008, a real decrease of about 42%. In comparison with 2007, the number of families who received child allowances in 2008 increased by 1.4%, and the number of children for whom allowances were paid increased by 1.7%.

Study grant: In addition to child allowances paid to every family with children, a study grant is also paid to single-parent families and families with four or more children, who receive income support. The grant is paid for children aged 6-14, and the purpose is to help with the purchase of school books before the start of the school year. In 2008, about 145,000 children received the study grant. The cost of the grant in 2008 amounted to about NIS 147 million.

Increment to child allowance: In July 2004, the increment to the child allowance was introduced for families with three or more children receiving income support or maintenance (alimony) payments from the NII. The increment, paid for the third and fourth child only, was NIS 101 per child until December 2005, and in January 2006, it was raised to NIS 104. It is intended to compensate the families for the double erosion of their other benefits – child allowances and income support. In 2008, the increment was paid to about 22,000 families (covering about 35,000 third and fourth children). In 2008, the increment payments amounted to approximately NIS 45 million, compared with NIS 58 million in 2007, and NIS 62 million in 2006. The decrease was the

result of the decrease in the number of recipients of income support or child maintenance in that year – a decrease of 2.3% compared with 2007, similar to the last two years.

B. Changes in the child allowance system in 2002-2008

The range of cutbacks in child allowances in the period 2002-2006 was derived from four economic plans. Two of them were implemented in 2002: the Economic Arrangements Law of 2002 and the Emergency Economic Plan Law. These acts stipulated that the allowance point would not be updated, and that child allowances would be cut by 15% across the board. This was the first time that child allowances were paid on the basis of a 0.88 allowance and not on the basis of a full allowance point.

The series of changes in child allowances continued with greater severity in the framework of the Economic Recovery Plan Law (June 2003) and the Economic Policy Law for fiscal 2004. In 2003, a structural change was introduced into the child allowance system, based on the principle that child allowances should be on the same level for all children, irrespective of their position in the family. From August 2003, children who were born in and after June 2003 received a uniform allowance of NIS 144 (0.84 of an allowance point), irrespective of their position in the family. The Economic Recovery Plan Law stipulated that equalizing the allowances for all children would not be done with a zero budget, but by reducing the allowances for the third and subsequent children to the level paid for the first and second child. The policy of reducing the allowances was therefore driven primarily by considerations of cutting public expenditure, since otherwise it would have been possible to set a uniform allowance of about NIS 250 per month for every child. The Economic Recovery Plan also stated that the process of equalization and reduction of allowances for third and subsequent children would be implemented in stages between August 2003 and January 2009.

The Economic Recovery Plan also affected the updating of child allowances, as part of the overall policy of updating NII benefits: child allowances were not updated according to price rises until the end of 2005.

The policy of cutbacks continued also in the framework of the Economic Policy Law for 2004. In the Emergency Provisions for 2004-2005, allowances were reduced as follows: NIS 24 per month from the allowance for the first to third child from February 2004 to the end of 2005; NIS 24 in the period February-June 2004 and NIS 4 in the period July 2004-December 2005 from the allowance from the fourth and subsequent children. This emergency provision expired in January 2006, as did the provision not to update the child allowances in line with the consumer price index. In January 2006, the child allowance was updated, like other benefits, according to the *basic amount*¹, and after it was updated according to the consumer price index, the allowance for one child was set at NIS 148. Not only that: in 2006, the gradual cutback in allowances for *veteran children* was halted, and therefore, the rate of allowances was frozen at their 2006 level, from 2007 to 2009. In January

1 See note 25 in Chapter 1.

2007, the basic amounts were not updated, due to a negative index, and allowances that year remained at their 2006 level. In 2008, the child allowances were updated in line with the increase in the index the previous year. The allowance for one child was updated to NIS 152.

C. Level of child allowances in 2002-2008

Until 2005, the child allowance was calculated according to allowance points that were determined by law according to the child's position in the family. From 1987 to 2001, the allowance point was updated in line with the full increase in the consumer price index at the start of each calendar year, and each time a cost of living increment was paid to all salaried workers in the economy. From January 2001 to December 2005, the allowance point was not updated and remained fixed at NIS 171.3 (in 2005 prices). Since January 2006, the child allowance has been calculated according to the "basic amount", which is updated according to the increase in the consumer price index. In 2008, this amount was NIS 152, compared with NIS 148 in 2007. Allowances for the first two children therefore rose to NIS 152 per child, and the allowance for the third child rose from NIS 178 in 2007 to NIS 182 in 2008. The allowances for the fourth and subsequent children rose from NIS 329 to NIS 337. The increase in child allowances came after a decrease in the years 2002-2004, as part of the cutbacks in child allowances described above. The allowance for *new children*, born after June 2003, irrespective of their position in the family, is the same as that for the first two children – NIS 152.

Diagram 1 shows the average allowance per child in the period 1993-2008². From 1993, the child allowance was once again universal, and, until 2001, the average allowance per child rose gradually by 13.3% – from NIS 283.3 to NIS 321. The "Halpert Law," implemented in 2001, brought the child allowance to a record high that year, but from 2002, the allowance began to fall very sharply, until it became relatively stable in 2005. The series of cutbacks in National Insurance benefits in general, and in child allowances in particular, reduced the average allowance per child in 2002-2005 by about 50%.

2 The average allowance per child is calculated by dividing the total of all child allowance payments in a particular year by the number of eligible children that year.

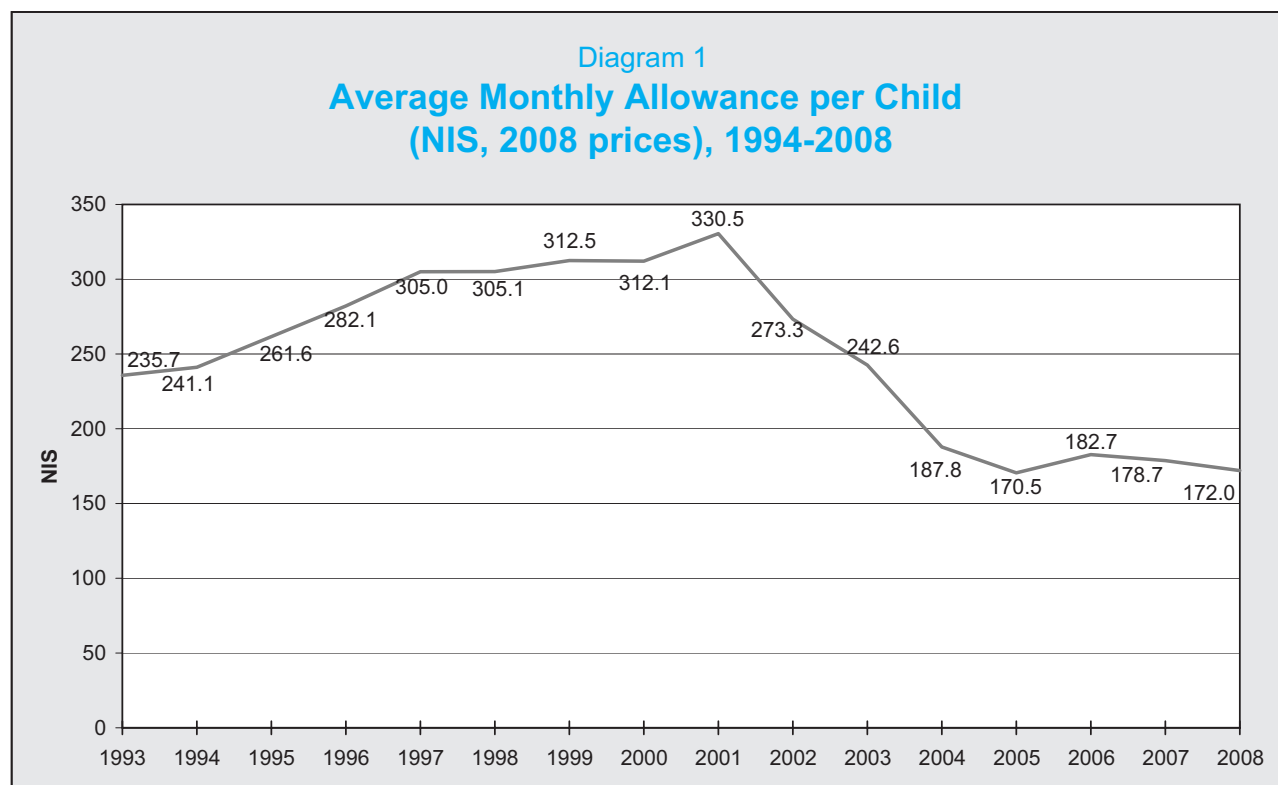


Table 1 shows the allowance points per family in the period 2002-2005 and the rates in terms of the basic amount in the years 2006-2008. Table 2 shows the amounts of allowance per child and per family for those years.

Table 1
Allowance Points per Family 2002-2005 and in Terms
of Basic Amount in 2006-2008, by Number of Children

Date	1	2	3	4	5	6
January 2002	1.00	2.00	3.96	8.00	13.00	18.00
March 2002	0.88	1.76	3.52	7.08	11.48	15.88
July 2002	0.85	1.70	3.39	6.81	11.04	15.27
August 2003*	0.84	1.68	2.82	5.48	8.53	11.58
February 2004	0.70	1.40	2.40	4.91	7.82	10.73
July 2004	0.70	1.40	2.36	4.72	7.40	10.08
January 2006	0.70	1.40	2.31	4.41	6.76	9.10
2006-2008	1.00	2.00	3.20	5.42	7.64	9.86

* All children born after 1.06.03 receive the same allowance as the first child, irrespective of their position in the family.

Tables 1 and 2 show the cumulative impact of the Economic Recovery Plan Law of June 2003 and the Economic Policy Law for 2004.

Table 2, which shows the allowance amounts in 2002-2008 by number of children in the family, reveals several facts:

- The allowance for a family with one child decreased from January 2002 to January 2005, by 31%. At the start of 2006 it increased by about 20%³. In 2007, the allowance for a family with one child dropped slightly, by less than 1%. In 2008, the decrease was larger – 2% compared with 2007.
- In 2005, a family with 3 children received 57% of the amount that they received in January 2002. In 2006, the real allowance per family with three children rose by about 17%, and in 2008, there was once again a decrease of about 2%.
- In 2005, a family with 5 children received about half the total allowance that they had received in January 2002.

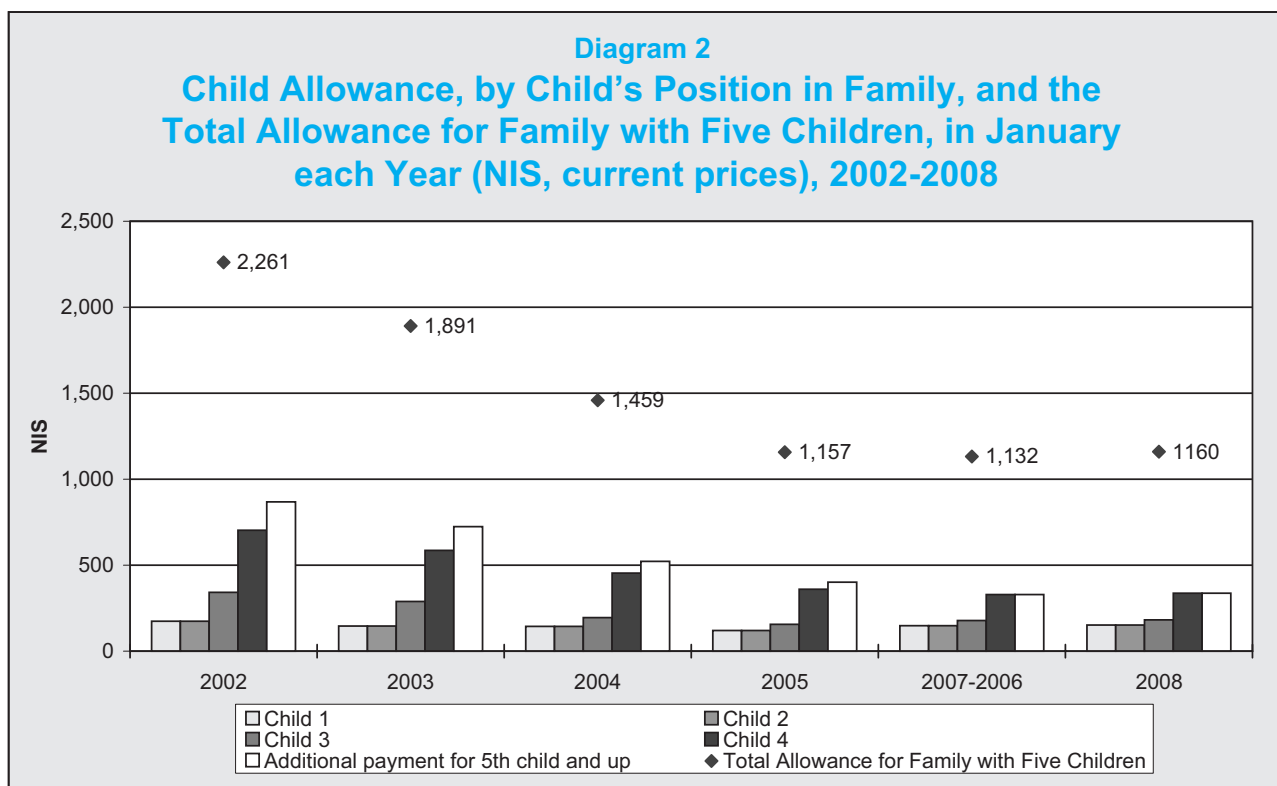
Table 2
**Child Allowance by Order of Child and Allowance per Family,
 by Number of Children (NIS, current prices), 2002-2008**

Date	1	2	3	4	5	Increment for each additional child
January 2002						
Per child	174	174	342	703	868	868
Per family	174	348	690	1,393	2,261	868
March 2002						
Per child	151	151	301	610	754	754
Per family	151	302	603	1,213	1,967	754
July 2002						
Per child	146	146	289	586	724	724
Per family	146	292	581	1,167	1,891	724
August 2003*						
Per child	144	144	195	454	522	522
Per family	144	288	483	937	1,459	522
February 2004						
Per child	120	120	171	430	498	498
Per family	120	240	411	841	1,339	498
July 2004						
Per child	120	120	164	404	459	459
Per family	120	240	404	808	1,267	459
January 2005						
Per child	120	120	156	360	401	401
Per family	120	240	396	756	1,157	401
2006-2007						
Per child	148	148	178	329	329	329
Per family	148	296	474	803	1,132	329
2008						
Per child	152	152	182	337	337	337
Per family	152	304	486	823	1,160	337

* All children born after 1.06.03 receive the same allowance as the first child, irrespective of their place in the family.

3 All rates are calculated in real terms.

Diagram 2 shows the severe effect of the cutbacks stipulated in the Economic Plans on families with five children in the period 2002-2008. The total family allowance for these families dropped by about 37% from 2003 to 2008, going down to a mere NIS 1,160.



D. Child allowance recipients

Tables 3 and 4 show the breakdown of families receiving child allowance by family size and the breakdown of children for whom allowances were paid by their position in the family. The number of families in which children were born after June 2003, and the number of children born after that date are presented in detail in section (e) below.

In 2008, the number of families receiving child allowance increased to about 995,000 on average per month – an increase of about 1.4% compared with 2007, and similar to the growth observed from 2006 to 2007. The increase in the number of families was higher in the last two years than the more moderate increase in the years 2001-2004, at a rate of 0.4%-0.7%. The number of children for whom allowances were paid in 2008 amounted to about 2,372,000 on average per month. The increase in the number of children this year is similar to the increase in 2007 – about 1.6%. The annual average of families with one child increased at a lower rate (0.3%) than in 2007, to about 323,000, but the number of families with 2 or more children increased by about 2%.

Table 3
**Families Receiving Child Allowance,
 by Number of Children in Family (monthly average), 2000-2008**

Year	Total	Number of children in family					
		1	2	3	4	5	6+
Numbers (thousands)							
2000	912.5	321.0	276.9	165.7	76.3	34.5	38.1
2001	928.2	327.8	280.9	167.6	77.4	35.6	39.0
2002	935.0	327.9	283.4	169.1	78.1	36.6	39.9
2003*	939.1	324.9	285.6	171.3	78.9	37.4	40.8
2004	945.6	323.2	288.5	174.4	79.9	37.9	41.7
2005	956.3	322.7	292.8	178.6	81.3	38.5	42.4
2006	968.3	321.8	298.3	183.2	82.7	39.3	43.0
2007	980.6	321.8	303.0	188.5	84.4	39.8	43.1
2008	994.8	322.9	307.5	194.4	86.2	40.3	43.5
Percentages							
2000	100.0	35.2	30.3	18.1	8.4	3.8	4.2
2001	100.0	35.3	30.3	18.1	8.3	3.8	4.2
2002	100.0	35.1	30.3	18.1	8.3	3.9	4.3
2003*	100.0	34.6	30.4	18.2	8.4	4.0	4.4
2004	100.0	34.2	30.5	18.5	8.4	4.0	4.4
2005	100.0	33.8	30.6	18.7	8.5	4.0	4.4
2006	100.0	33.2	30.8	18.9	8.6	4.1	4.4
2007	100.0	32.8	30.9	19.2	8.6	4.1	4.4
2008	100.0	32.5	30.9	19.5	8.7	4.1	4.4

* Owing to a technical fault in the administrative children's files for the months of June to October 2003, the number of children has been estimated by retrieving data from the Children's Branch system from the beginning of these months.

Table 4
**Children Receiving Child Allowance,
 by their Position in Family (monthly average), 2000-2008**

Year	Total of all children	Child's position in the family					
		First	Second	Third	Fourth	Fifth	Sixth +
Numbers (thousands)							
2000	2,118.8	912.5	591.5	314.6	148.9	72.6	78.7
2001	2,154.7	928.1	600.4	319.5	152.0	74.6	80.1
2002	2,178.8	935.0	607.1	323.7	154.6	76.5	81.9
2003*	2,201.1	939.1	614.1	328.6	157.3	78.3	83.7
2004	2,226.4	945.6	622.4	333.9	159.5	79.6	85.3
2005	2,260.6	956.3	633.6	340.8	162.3	80.9	86.7
2006	2,297.3	968.3	646.5	348.1	164.9	82.2	87.3
2007	2,333.1	980.6	658.9	355.8	167.4	82.9	87.5
2008	2,372.5	994.8	671.8	364.4	170.0	83.8	87.8
Percentages							
2000	100.0	43.1	27.9	14.9	7.0	3.4	3.7
2001	100.0	43.1	27.8	14.8	7.1	3.5	3.7
2002	100.0	42.9	27.9	14.8	7.1	3.5	3.8
2003*	100.0	42.7	27.9	14.9	7.1	3.6	3.8
2004	100.0	42.5	27.9	15.0	7.2	3.6	3.8
2005	100.0	42.3	28.0	15.1	7.2	3.6	3.8
2006	100.0	42.1	28.1	15.2	7.2	3.6	3.8
2007	100.0	42.0	28.2	15.3	7.2	3.6	3.7
2008	100.0	41.9	28.3	15.4	7.2	3.5	3.7

* See note to Table 3.

E. New children

Following amendments to legislation in 2003-2004, the group of *new children* was defined to cover children born from June 2003 onwards. These children receive the same allowance as do the first two children, irrespective of their position in the family⁴. This policy naturally led to a gap in the level of allowances paid to families of the same size. For example, in 2008, the difference in allowances between two families each with four children, where the fourth child in one family was born before June 2003 and in the other family after this date, was NIS 185.

In the second half of 2003 about 62,000 *new children* were born, in 2005 about 146,000, in 2007 about 145,000 and in 2008 about 155,000. The overall number of *new children* amounted to about 726,000 in December 2008 – 30% of about 2.4 million children for whom allowances were paid at

4 NIS 144 from August 2003 to January 2004, NIS 120 from February 2004 to December 2005, NIS 148 in 2006 and 2007, and NIS 152 in 2008.

that time. Of all *new children* at the end of 2008, about 42% (some 306,000) were third or subsequent children, who received a lower allowance than did the third and subsequent children born before June 2003. These are the children who are adversely affected by the equalization of allowances for all children.

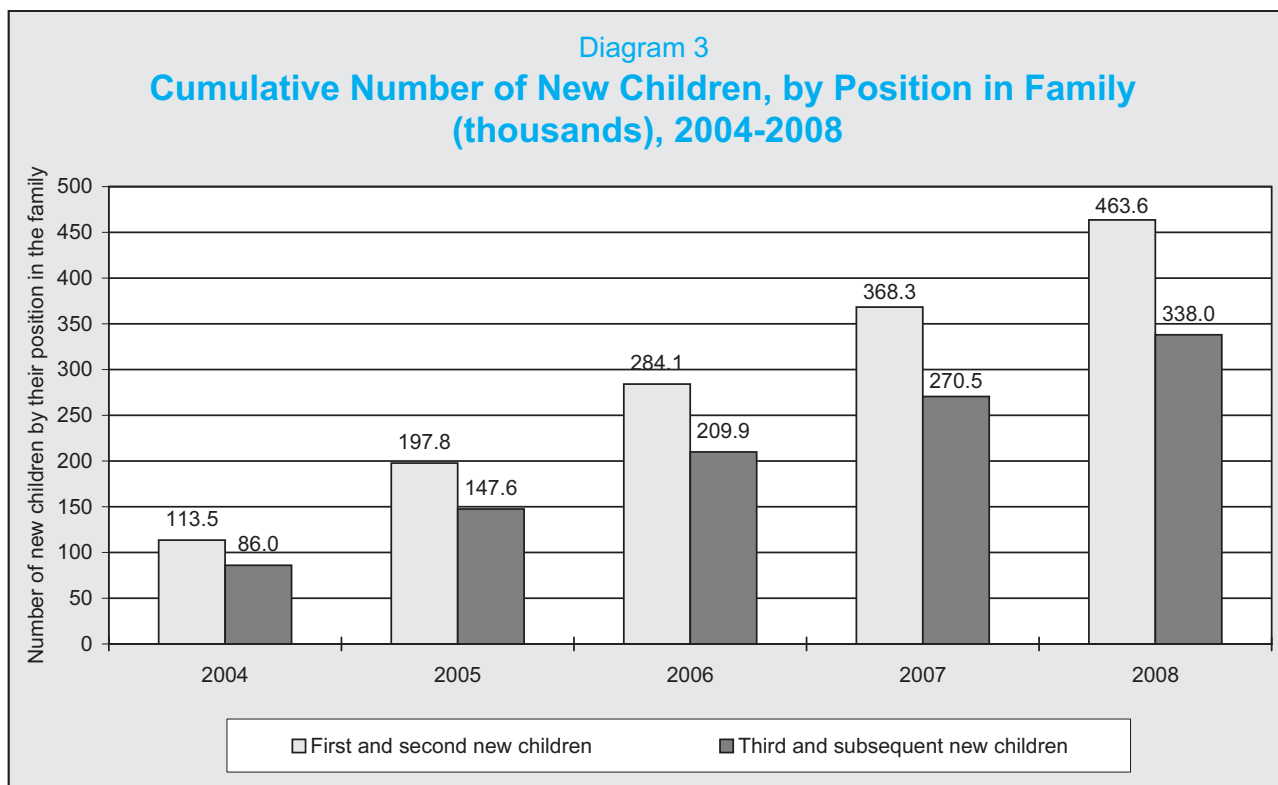


Diagram 3 shows the cumulative number of *new children* by their position in the family, from 2004 to 2008. From this diagram, we can see that, in 2005-2007, about 62,000 third or subsequent children were added each year, and, in 2008, about 64,000 third or subsequent children were added. At the end of 2008, their total number amounted to about 306,300.

The average number of *new children* each month in 2008 was about 726,000, of which about 420,000 were the first or second child in their families (representing about 58% of all *new children*). Until 2008, the number of families in which *new children* were born was about 504,600, but the number of *new children* was 726,000. The difference is due, among other things, to multiple births or several births in the same family.

F. Study grant

Since 1992, payments in the Children branch have included a study grant for single-parent families for children aged 6-14. Since August 1998, the grant is also paid to families with four or more children who receive one of the following National Insurance benefits: income support, maintenance (alimony) payments, disability allowance, old-age pension or survivors' pension. The grant is given as a one-time payment just before the start of the school year, to help eligible

families with the purchase of school supplies. For children aged 6-11, the grant is 18% of the basic amount (NIS 1,323 in 2008), and for those aged 12-14, 10% of this amount (NIS 735).

In 2008, the National Insurance Institute paid study grants to about 80,400 families, of which about 56,000 were single-parent families, and the others were families with four or more children, who were receiving subsistence benefits. The number of children for whom the grant was paid increased from 141,000 in 2007 to 145,500, in 2008. Of all children who received the study grant, about 58% (some 85,000 children) received the increased grant.

G. Scope of payments

The data in Table 7 show that in 2008 payments of child allowances decreased in real terms by about 2%, compared with 2007. There were two reasons for this decrease: firstly, the entry of *new children* into the system, for whom a lower rate of allowance was paid than for *veteran children* who are leaving the system. (This of course refers to the third and subsequent children in the families.) The second reason is the real decline of 22% in payments of the increment to the child allowance, from about NIS 58 million in 2007 to about NIS 45 million in 2008.

The decrease in the scope of payments of child allowance is reflected also in the relative share of payments by this branch as a proportion of all payments by the National Insurance Institute. This share decreased from about 16.8% in 2001 to 11.4% in 2004, and then to 10.5% in 2008. The share of child allowance payments in 2008 remained similar to that of 2007.

Table 7
Child Allowance Payments (NIS million, 2008 prices), 2000-2008

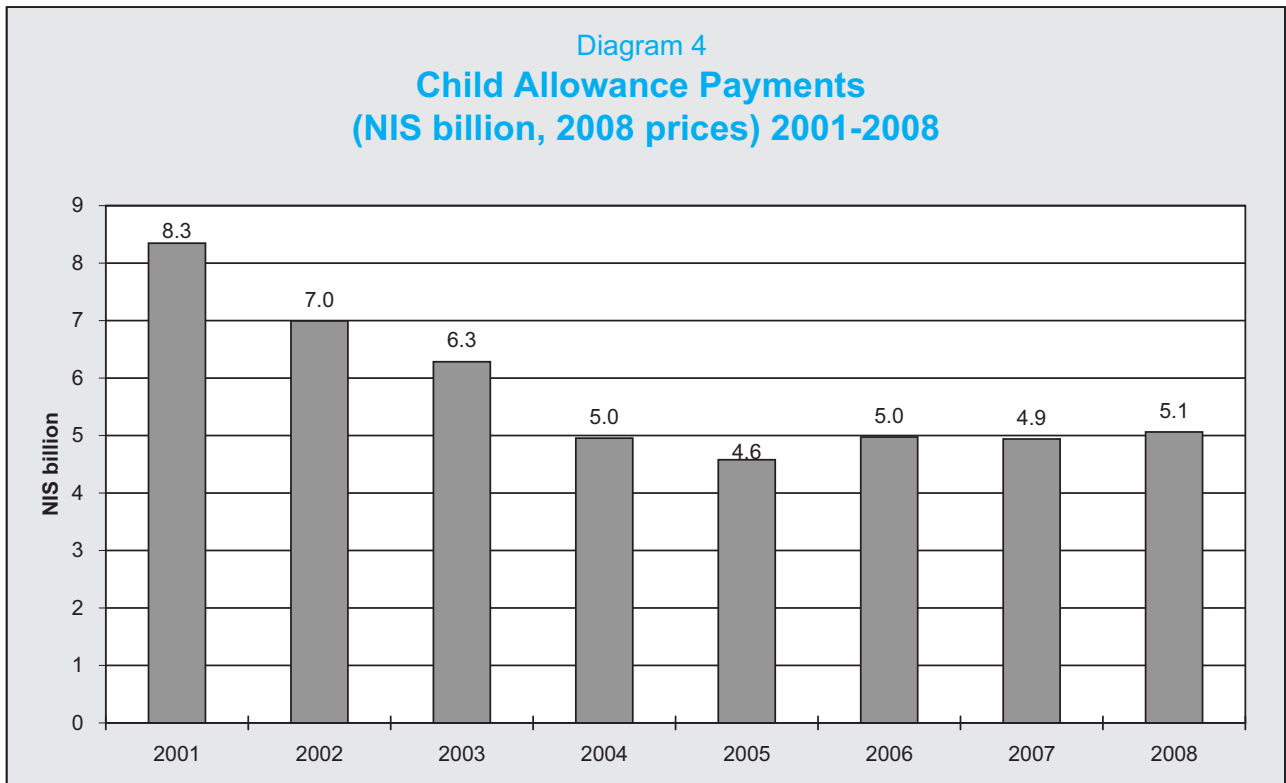
Year	Overall total		Child allowance		Study grant	
	Current prices	2008 prices	Current prices	2008 prices	Current prices	2008 prices
2000	6,937.6	8,085.1	6,808.7	7,934.9	128.8	150.1
2001	7,571.3	8,726.2	7,415.5	8,546.6	155.8	179.5
2002	6,705.7	7,312.6	6,553.7	7,146.9	151.9	165.7
2003	6,067.8	6,572.1	5,914.4	6,406.9	152.6	165.3
2004*	4,764.9	5,183.1	4,612.2	5,017.0	152.7	166.1
2005	4,460.7	4,788.5	4,308.2	4,624.9	152.4	163.6
2006	4,947.0	5,201.0	4,791.2	5,037.1	155.8	163.8
2007	4,940.5	5,167.4	4,783.3	5,003.0	157.1	164.3
2008	5,062.2	5,062.2	4,896.7	4,896.7	165.5	165.4

* From 2004, payments include, in addition to child allowances and study grants, also payments for increment to child allowance.

Diagram 4 shows annual payments for child allowances in 2001-2008, in fixed prices. The changes in the scope of these payments reflect the series of cutbacks carried out in the period 2002-2005. The sharpest decline was in 2004, as a result of which the scope of payments fell by over 20%. In

2006, payments increased by about NIS 400 million, due to the increase in the allowance for the first three children.

Without the cutbacks in economic programs in recent years, the forecast expenditure on child allowances in 2008 would have been more than NIS 8 billion, double the actual figure.



5. Maternity Insurance

A. General

In the framework of maternity insurance, new mothers receive the following benefits:

Hospitalization grant – This grant is intended to cover the costs of the birth and the hospitalization for mother and child, and it is paid directly to the hospital. Since December 1993, the grant has been larger in the case of a premature birth. In the first two years following the introduction of the National Health Insurance Law (in January 1995), hospital fees for new mothers and their babies, including premature babies, were included in the basket of health services defined in the Law. The National Insurance Institute paid these fees out of the amounts collected by the Maternity branch, which were then transferred to the Ministry of Health. Since January 1997, the hospitalization grant has again been paid directly to the hospitals. When the birth occurs overseas, the hospitalization grant is paid directly to the mother who submits a claim.

The amount of the hospitalization grant changes as follows:

1. In January each year, it is updated according to the formula defined in the Law, so that the amount paid for normal births, plus the supplement for premature births, is equal to the amount that would have been paid for these births if there were no difference in the grant for normal and premature births.
2. Whenever the Ministry of Health changes the price of a general hospitalization day, the amount of the grant changes accordingly.

Since April 2005, in the framework of the Economy Arrangements Law, the grant for a premature birth has been increased by about 50%. The additional cost amounts to about NIS 115 million per annum; it is fully financed by the Ministry of Finance.

Since January 2007, in the framework of the Economy Arrangements Law, the hospitalization grant has been increased by 12.1%. The additional cost amounts to NIS 151.6 million per annum, and it is fully financed by the Ministry of Finance.

Cost of transport to the hospital – The National Insurance Institute also participates in the cost of transporting the pregnant woman to hospital for the birth. In 2008, the conditions of eligibility for this assistance were relaxed. Before that, women about to give birth were only entitled to transport if they lived a long way from the hospital. Since March 16, 2008, every pregnant woman is entitled to transportation to the hospital nearest to her place of residence.

Birth grant – The grant is intended for the purchase of initial equipment for the newborn, and is paid directly to the mother. Until July 2002, the rate of the grant was uniform, irrespective of the number of previous births, and was equal to 20% of the average wage under the NI Law. From August 2003, there was a change in the grant for the second and subsequent births, and it was equal to 6% of the average wage. In January 2004, the grant, for the second child only, was increased to 9% of the average wage. When two or more infants are born together, the birth grant

is higher: for twins – an amount equal to the average wage, and for each additional child – another 50% of the average wage. Since January 2006, the amount of the birth grant has been calculated according to the *basic amount*.

Maternity allowance – This benefit is intended to compensate working women for their loss of earnings during maternity leave, which they must take in accordance with the Employment of Women Law. Any new mother, whether salaried, self-employed or in vocational training, is entitled to the grant if, in the period prior to the birth, insurance contributions were paid for her for the time periods stipulated in the Law. The maternity allowance is paid for 7 or 14 weeks, depending on the qualifying period the mother has accumulated by the date stipulated in the Law (before the amendment of May 2007, maternity allowance was paid for 6 or 12 weeks). Since November 1994, the daily maternity allowance replaces the full salary or the average daily income of the mother in the three months before she stopped working (on or before the date of giving birth), and no more than the maximum stipulated in the Law. Income tax at source and national and health insurance contributions are deducted from the maternity allowance. The mother can start to receive the maternity allowance before the estimated date of birth, but for no more than half the period of her entitlement. In certain circumstances, the maternity leave can be extended by four weeks at the most. Since 1998, men who share the maternity leave with their spouses can receive the maternity allowance, on condition that the mother has returned to work. Foreign residents are also entitled to the maternity allowance; however, the Economy Arrangements Law of 2003 stipulates that if they are not in Israel legally they are not entitled to a maternity allowance or a birth grant while they are in Israel.

Childbirth allowance – The allowance is paid to a woman who, in one birth, bears three or more children who survive for the period specified in the Act; it is intended to assist her with expenses. The allowance is paid each month for 20 months. The allowance is derived from the *basic amount*, and it decreases during the period of eligibility.

High-risk pregnancy benefit – This benefit is paid to a working woman who, for medical reasons relating to her pregnancy, is obliged to stop working for at least 30 days and for that time she receives no income from her employer or any other source. The qualifying period for eligibility for this benefit is the same as for maternity payment. From the start of 1995, the benefit was equal to the woman's average earnings in the three months prior to stopping work, and no more than 70% of the average wage. In 2000, the Law was amended and the maximum amount was specified as the full average wage; it is currently the full *basic amount*.

Special monthly allowance and special benefit – These benefits are paid if the mother dies in childbirth or within a year of the birth: a monthly allowance is paid for each infant born in that birth, equal to 30% of the average wage for 24 months. If a child is paid a survivor's or dependent's benefit, the allowance is paid for 12 months only. A special benefit is paid to the spouse of the deceased, if he has stopped working to care for the child, at the rate of injury benefit for up to 12 months. In 2008, this allowance was paid in 10 cases.

B. Main trends

In 2008, there was a further increase in the number of births per women of child-bearing age: birth grants were paid to almost 152,000 new mothers (Table 1) – an increase of 3% compared with 2007. In those years, the number of women of child-bearing age (15-44 years) increased by less than 2%. These figures match the report from the Central Bureau of Statistics, showing that the fertility rate, which had been continuously declining since the 1960s, first started to increase in 2006, from 2.84% in 2005 to 2.88% in 2006, and continues to increase.

Some 45,500 of the births in 2008 were the mother's first birth, some 42,300 were the second birth, and some 64,200 were the third or subsequent birth, as shown in Table 2. In addition, there were about 3,500 twin births, and 100 births of three or more children.

Of the hospitalization grants paid in 2008, about 2,500 were for premature births. The decrease in the hospitalization grants for premature births, which began in 2004, was halted, and their numbers increased by about 2.5% in 2007 and about 5% in 2008.

In 2008, about 94,000 women received a maternity allowance, compared with about 86,000 women in 2007 – an increase of 9%, compared with an increase of 3% in birth grants, as stated above. In other words, the proportion of women who received a maternity allowance, out of all women who received birth grants, increased from 58% in 2007 to about 62% in 2008. The average age of women receiving a maternity allowance continued to increase, to about 31 in 2008 (compared with 30 in 2007 and 28.7 in 1988), and it is similar to the average age of women giving birth in the general population. About 96% of the women who received a maternity allowance were salaried (compared with 91% of all women employed in the economy), and the remaining 4% were self-employed, members of kibbutzim, or members of a collective moshav.

Table 1
**Women Who Received Hospitalization Grant and Maternity Allowance
(monthly average) in numbers and percentages, 2000-2008**

Year	Received hospitalization grant		Received maternity allowance		
	Absolute numbers	Percent change	Total	Percentage of all women who received hospitalization grant	Percentage of all employed women*
2000	134,720	8.5	70,641	52.4	70.0
2001	132,044	-2.0	71,176	53.9	68.8
2002	134,187	1.6	71,317	53.2	68.2
2003	142,363	6.1	73,948	51.9	69.3
2004	143,387	0.7	77,505	54.1	70.6
2005	142,890	-0.3	77,025	53.9	66.8
2006	143,599	0.5	83,285	57.6	70.0
2007	147,245	2.5	88,285	58.4	69.5
2008	152,319	3.5	93,630	61.5	69.4

* Per 1,000 women. Source for the number of employed women: Statistical yearbooks of the Central Bureau of Statistics.

Table 2
Distribution of Live Births, by Order of Birth, 2000-2008

Year	Total	Order of birth (percentage)			
		1	2	3	4+
2000	100.0	30.1	25.8	18.0	26.0
2001	100.0	29.7	26.2	18.1	26.0
2002	100.0	29.5	26.2	18.1	26.3
2003	100.0	29.6	26.6	18.2	25.6
2004	100.0	29.9	26.8	18.4	25.0
2005	100.0	29.5	27.1	18.6	24.9
2006	100.0	29.2	27.4	19.0	24.4
2007	100.0	28.6	27.3	19.6	24.6
2008	100.0	29.9	27.8	19.8	22.5

During 2008, the hospitalization grant was updated twice: in January, according to the formula stipulated in the NI Law, plus an update of the hospitalization daily allowance, and in August, following the increase in the cost of a day in hospital.

In 2008, there was a nominal increase of 1.8% on average in the hospitalization grant for a normal birth and a premature birth compared with 2007, and there was an increase in the birth grant of about 7% in nominal terms and about 2% in real terms.

Table 3 shows that more than a third of the women received a daily maternity allowance of no more than half the average wage in the economy, and about a fifth of them received a maternity allowance that was higher than the average wage.

Table 3
**Women Receiving Maternity Allowance,
 by Rate of Daily Allowance as Percentage of Average Daily Wage
 (absolute numbers and percentages) 2000-2008**

Year	Total recipients (numbers)	Rate of daily maternity allowance (percentages)				
		Up to ¼ of average wage	¼ - ½ of average wage	½ - ¾ of average wage	¾ to full average wage	Above average wage
2000	70,641	7.4	29.9	28.5	16.1	18.1
2001	71,176	7.1	28.4	28.4	16.4	19.7
2002	71,377	6.9	26.5	28.6	17.1	21.0
2003	73,948	6.8	25.1	29.6	17.2	21.3
2004	77,505	7.9	26.6	29.0	16.6	19.8
2005	77,025	7.8	26.2	28.3	17.0	20.7
2006	83,285	8.7	28.2	28.1	15.4	19.6
2007	88,285	8.5	27.3	28.4	15.9	20.0
2008	93,630	7.5	25.5	27.4	16.8	22.8

From 1995, the daily maternity allowance increased from 75% of the mother's salary to her full salary. Therefore, the benefit reflects the pay of working women of child-bearing age, and the distribution of maternity allowance as a percentage of the average salary in the economy matches the distribution of salary for women of this age.

The amount of maternity allowance, like salaries, varies in accordance with demographic and employment characteristics:

- The amount of maternity allowance increases as the woman's age increases. The average maternity allowance in 2008 was NIS 212 per day, which is 80% of the average wage. For women up to the age of 24, the maternity allowance represented some 44% of the average daily wage in the economy, while for women aged over 35 it was slightly higher than the average wage.
- The maternity allowance paid in places in the center of the country was higher than the benefit paid in outlying places. In the branches in Tel Aviv, Ramat Gan and Kfar Saba, for example, the average daily maternity allowance paid was higher than the average wage, while in the branches in Bnei Brak and Nazareth it was about half the average wage.

C. Scope of payments

Table 4 shows the scope of benefits paid under the National Insurance Law in the Maternity branch by type of benefit. The figures show that, in 2008 also, there was also a steep increase in payments in this branch, particularly in maternity allowances, following the amendment to the Law that came into force in May 2007, which increased the period for payment of maternity allowances

from 12 weeks to 14 weeks, as stated above. The increase of about 7% in the number of women who received a maternity allowance also affected the scope of payments.

The share of payments by the Maternity branch in all National Insurance payments increased from 6.3% in 2006 to 7.2% in 2007 and to 8% in 2008.

Table 4
Maternity Allowance Payments in 2008 Prices (NIS million), 2000-2008

Year	Total benefit payments	Hospitalization	Layette for newborn	Maternity allowance	High risk pregnancy
2000	2,466,423	1,033,491	219,134	1,147,350	56,300
2001	2,682,643	1,109,974	267,408	1,234,119	61,830
2002	2,648,919	1,076,950	259,161	1,242,985	60,314
2003	2,623,795	1,130,945	192,705	1,232,400	58,278
2004	2,635,075	1,146,956	136,509	1,283,160	58,280
2005	2,755,835	1,274,770	131,730	1,274,275	62,845
2006	2,962,167	1,339,508	143,576	1,389,318	77,449
2007	3,470,976	1,573,787	143,466	1,651,821	88,807
2008	3,849,178	1,557,442	150,754	2,017,307	113,368

6. General Disability Insurance

A. Benefits

The following benefits are payable by law within the framework of general disability insurance:

- a. Disability pension, which is intended to guarantee a minimum income for subsistence to persons with disabilities;
- b. Attendance allowance, which is intended to assist such persons with their functioning in the home;
- c. Benefit for a disabled child, which is intended to assist families who care for their disabled child at home;
- d. Mobility allowance – to assist persons with impeded mobility outside the home.

In addition to these benefits, the law grants eligibility for rehabilitation to those disabled persons who have rehabilitative potential, in order to help them integrate into the labor market. Within the framework of the Disability branch, benefits have also been paid since 1994 by virtue of the Israel Tinea Capitis Compensation Law, and, since 2007, compensation for persons affected by poliomyelitis as well.

1. Disability Pension

Under disability insurance, a distinction is made between two major categories: "disabled wage earners" and "disabled housewives." The benefit eligibility test is different for each category.

Disabled wage earner: an insured person, who, as a result of a physical, cognitive, or mental impairment deriving from an illness, accident, or congenital defect, meets one of the following conditions: (a) He/she is incapable of earning a living from employment or an occupation, and earns no more than 25% of the "average wage," as this term is defined in the National Insurance Law; or (b) his/her capacity to earn a living from employment or from an occupation, and his/her actual earnings, were reduced by at least 50% as a result of the impairment.

Housewife: a married woman who has not worked outside her household during periods defined by law and who, as a result of a physical, cognitive or mental impairment deriving from an illness, accident, or congenital defect, lacks the capacity to function and to perform customary chores in an ordinary household, or whose capacity to perform these chores has been reduced by at least 50%.

The process of determining a wage earner's or housewife's entitlement to a disability pension includes two stages. During the first stage, a physician working on behalf of the National Insurance Institute determines the degree of medical disability. A disabled wage earner's entitlement to a pension is examined if he/she has been determined to have a medical disability of at least 60%. If the disabled person has one impairment, for which the degree of medical disability is at least 25%,

then the requisite degree of medical disability is 40%. The threshold of medical disability for a housewife is 50%. A claim submitted by a person whose degree of medical disability was determined to be lower than the said threshold is rejected forthwith and his/her earning capacity/household functioning is not examined.

Once the degree of medical disability has been determined, the claims officer determines the degree of incapacity to earn/function, after consulting with the authorized physician and the rehabilitation officer. When determining the degree of incapacity, under certain conditions, the judgment of the rehabilitation officer may be influenced by other factors, such as the unemployment rate in the area where the disabled person lives. The pension rate payable to a disabled person with 100% incapacity is prescribed by law at 26.75% of the *basic amount*.¹

In 2002, as a result of a nationwide strike by persons with disabilities, an additional monthly pension was added for disabled persons with at least 75% incapacity who are not hospitalized and whose degree of medical disability is at least 50%. The rate of this payment varies according to the degree of medical disability. In 2008, it ranged between NIS 214 and NIS 316 per month.

2. Attendance allowance

Pursuant to the Attendance Allowance for the Disabled Regulations, a special allowance is paid to recipients of a disability pension whose medical disability is at least 60% and who are dependent to a great extent on the help of others in order to perform daily activities. The allowance has three levels, depending upon the degree of dependency on others: 50%, 100%, and 150% of the full disability pension for a single individual, which is 25% of the *basic amount*.

In 2002, as a result of the nationwide strike by persons with disabilities, an additional monthly pension was added under the General Disability Law for those who are entitled to an attendance allowance and who suffer from particularly severe disabilities. This benefit, too, varies according to the degree of dependency on others, and, in 2008, it ranged between about NIS 261 and NIS 791 per month.

3. Benefit for disabled child

This benefit is intended to assist families, who are caring for their disabled child, to bear the difficult burden of nursing or any other treatment intended to improve the child's functional capacity, as well as to encourage families to care for their children within the home and the community.

1 See footnote 25 in Chapter 1.

A child is entitled to benefit for disabled child if he/she meets all of the following conditions:

- a. He/she is dependent upon the help of others or needs constant supervision, or suffers from a particular impairment (such as a hearing impairment, visual impairment, Down syndrome, etc.), or needs medical treatment as specified in the regulations (detailed below).
- b. He/she is the child of an insured person who is a resident of Israel (or of an insured resident who has died), or he/she is a new immigrant who immigrated to Israel without his/her parents.
- c. He/she lives in Israel.
- d. He/she has not been placed with a foster family or in an institution.

Five groups of children are entitled to benefit for disabled child:

- a. **A child between the ages of 91 days and 3 years who suffers from a severe developmental delay:** he/she does not perform most of the actions or movements of the head, limbs and back that children of the same age are capable of performing;
- b. **A child between the ages of 91 days and 18 years who requires constant supervision** in order to prevent a life-threatening situation to him/herself or to others;
- c. **A child between the ages of 3 and 18 who is more dependent upon the help of others than other children of the same age** in order to perform daily activities (dressing, eating, bathing, mobility in the home and continence), or who requires the constant attendance of others due to an impairment or disease, or due to impaired comprehension of immediate risk factors;
- d. **A child up to the age of 18 who suffers from one of the following impairments:** hearing impairment (since the day of birth); visual impairment (since the age of 90 days); psychosis; autism or similar psychiatric conditions (since the age of 90 days); Down syndrome (since the day of birth);
- e. **A child between the ages of 91 days and 18 years who requires medical treatment** at the frequency prescribed in the regulations, due to a severe chronic disease.

The sum of the allowance is determined as a percentage of the full disability pension for a single individual for all types of impairment. This allowance includes a benefit for special arrangements and a benefit for assistance with studies or for developmental treatment, which varies according to the child's age and the type of treatment or supervision that he/she receives. (In August 2002, the regulations were amended, so that the benefit is no longer reduced simply as a result of the child's maturation. Until then, there were situations where the benefit was reduced just because of the change in the child's age, without considering whether a change had occurred in the disabled child's state of health.)

A family with two or more disabled children is entitled to a 50% higher payment for each of its disabled children. This payment continues even if one of the children stops receiving the benefit

because he/she has reached the age of 18. As of November 1999, a disabled child who has at least an 80% mobility impediment or who requires and uses a wheelchair is entitled to receive the benefit for disabled child and the mobility allowance simultaneously.

In 2002, as a result of the strike by persons with disabilities, an additional monthly benefit was added for disabled children who are receiving a benefit at the rate of 100%. In 2008, this additional benefit was about NIS 316 per month.

4. Allowance for persons with limited mobility

The following payments are made within the framework of assistance to disabled persons with limited mobility: (a) a mobility allowance for both vehicle-owners and non-vehicle-owners, which is provided as participation in travel expenses; (b) a standing loan for financing taxes on a vehicle purchased by the disabled person. For first-time purchasers of a vehicle, additional assistance is provided – a loan or grant for partial financing of the purchase of a vehicle, subject to a means test.

The mobility allowance is calculated on the basis of a "vehicle maintenance basket," which consists of the cost of insurance, fuel, servicing (hourly labor rates in garages), and vehicle repairs according to the repair index of the Central Bureau of Statistics. The mobility allowance is updated on the basis of the actual change in the cost of these components in the basket. As of October 2000, additional components were added to the "vehicle maintenance basket," such as protective devices and repair to special accessories. In January 2001, the decision was reached to update the allowance according to price increases as reflected in the General Price Index in January of each year, and whenever the rate of increase goes up to 4% or more.

5. Compensation for radiation-affected persons

In 1994, the Israel Tinea Capitis Compensation Law was passed in the Government; it is intended to compensate persons who contracted Tinea Capitis – ringworm of the scalp) and were given radiation treatment by the state, the Jewish Agency, the Health Funds, or the Hadassah Medical Organization, or by parties acting on their behalf, during the period January 1, 1946 through December 31, 1960.

Pursuant to this law, if a board of experts determines that a person was given radiation treatment, and a medical board or an appellate medical board determines that that person contracted an illness as a result, then that person is entitled to payments of benefits through the National Insurance Institute. The illnesses specified in the addendum to this law are various types of cancer in the head and neck, benign tumors in the brain, leukemia, and lack of hair in areas of scar tissue on the scalp.

Persons affected by radiation – and the surviving relatives of those who died as a result – are entitled to the following payments:

Payments to affected persons:

- a. A lump-sum compensation: In December 2008, the sum of NIS 165,910 was paid to persons with a disability degree of 75%-100%, while the sum of NIS 82,955 was paid to persons with a disability degree of 40%-74%.
- b. A monthly pension: In addition to the lump-sum compensation, any person with a certified disability of at least 40% is entitled to a monthly pension. For persons whose degree of disability is 100%, the amount of this pension is 25% of the average wage under the NI Law (NIS 1,916).
- c. A grant in lieu of a pension: any person with a certified disability of 5% to 40% receives a lump-sum grant, which is calculated as a percentage of the monthly pension (according to his/her certified degree of disability), multiplied by 70.

Grants to survivors:

- a. Spouse with children – 36 pension payments at a rate of 25% of the average wage under the NI Law (total grant: NIS 68,976)
- b. Spouse without children with him/her, or a child without an eligible parent – 60% of 36 pension payments at a rate of 25% of the average wage under the NI Law (total grant: NIS 41,386)

6. Compensation for polio victims

In March 2007, the government passed the Polio Victims Compensation Law to compensate persons who contracted poliomyelitis in Israel, and thus to affirm the state's responsibility towards them.

This law defines a polio victim as an Israeli resident who contracted poliomyelitis in Israel, and who has incurred a disability as a result of the disease, as determined by an authorized physician or appellate medical board. Poliomyelitis also includes post-poliomyelitis deterioration. The outbreak of the disease in Israel occurred in the early 1950s, but additional isolated cases are known to have occurred in later years.

The compensation to be granted to polio victims pursuant to this law will not reduce the rights of polio victims to receive any other benefit from the National Insurance Institute.

Payments to polio victims:

- a. Lump-sum compensation of the following sums (for 2008): NIS 51,400 to those polio victims whose degree of disability is less than 75%; NIS 102,800 to those whose degree of medical disability is between 75% and 94%; NIS 123,360 to those whose degree of medical disability is 95% or higher.

- b. Monthly pension or grant in lieu of a pension – In addition to the lump-sum compensation, any person for whom a medical disability of least 20% has been determined is entitled to a monthly pension. Any person for whom a disability of less than 20% has been determined is entitled to a grant instead of a pension.

In December 2008, the sum of the full pension was NIS 3,832 (50% of the average wage under law). The rate of the pension for a polio victim whose medical disability is less than 100% but more than 20% is calculated as a percentage of the full pension. The sum of the lump-sum grant is calculated as a percentage of the monthly pension (according to the degree of medical disability that has been determined), multiplied by 70.

In addition to these payments, the state participates in the financing of medical treatment, medical accessories and medical devices that polio victims need as a result of their illness, but that are not included in the Basket of Health. The Ministry of Finance covers this expenditure by virtue of the law and the National Insurance Institute makes the payments.

B. Recipients of benefits in the Disability branch

In 2008, the number of recipients of a general disability pension amounted to some 195,000 on average per month, which is estimated to be about 4.6% of the population of eligible age for a disability pension (18 until retirement age). This year, there was a 4% increase in the number of recipients of a disability pension. This increase is indeed lower than that of previous years, but it is higher than the increase in the relevant general population (18 to retirement age), which is estimated at about 2.5%. It should be remembered that the increase in the number of recipients derives, inter alia, from the rise in the retirement age – which is 66 and eight months for men, and 61 and eight months for women in 2008. At the end of 2008, about 7,100 women aged 60 and over and about 6,200 men aged 65 and over received a disability pension (totaling about 6.7% of all recipients of the disability pension at that time). The new recipients in 2008 composed about 7% of the disabled over age 60/65.

Table 1
**Recipients of General Disability Pension, Attendance Allowance,
 Benefit for Disabled Child or Mobility Allowance (monthly average), 2002-2008**

Year	Disability	Attendance	Disabled child	Mobility
Absolute numbers				
2002	150,512	20,614	17,510	20,901
2003	157,287	21,660	18,360	22,310
2004	162,382	22,701	19,540	23,524
2005	170,861	24,044	20,955	24,903
2006	178,263	25,648	22,208	26,078
2007	187,525	27,424	23,810	27,306
2008	194,988	29,390	25,255	28,915
Rate of change				
2002	5.7	9.2	6.5	8.2
2003	4.5	5.1	4.9	6.7
2004	3.2	4.8	6.4	5.4
2005	5.2	5.9	7.2	5.9
2006	4.3	6.7	6.0	4.7
2007	5.2	6.9	7.2	4.7
2008	4.0	7.2	6.1	5.9

The rate of increase in the number of recipients of the benefit for disabled child was lower than last year's rate of increase, but it similar to the rates of increase of the 2000s. In 2008, the number of recipients increased by 6.1% compared with 2007, and amounted to some 25,000 recipients. On the other hand, the rate of increase in the recipients of attendance and mobility allowance was higher than the rate of increase in 2007: the number of recipients of attendance allowance came to some 29,000 (an increase of about 7.2% compared with 2007), while the number of recipients of mobility allowance amounted to some 29,000 (an increase of 5.9%).

Table 2
Benefit Recipients, by Benefit Category, December 2008

Number of benefits	Benefit category	Number of recipients
Total	General Disability	197,229
One benefit only	Attendance allowance*	30,133
	Mobility allowance	29,672
	Disabled child's benefit	25,554
	Disability only	166,460
	Attendance only	5,388
	Mobility only	10,690
	Disabled child only	21,892
Two benefits	Disability and attendance	16,603
	Disability and mobility	7,275
	Attendance and mobility	1,319
Three benefits**	Disabled child and mobility	3,662
	Disability + attendance + mobility	6,823

* Attendance allowance.

** Not including payments by virtue of the Israel Tinea Capitis Compensation Law, or pursuant to the. Polio Victims Compensation Law.

Since November 1999, a disabled person who fulfills all statutory and regulatory definitions and criteria can receive more than one benefit during the same period. In December 2008, a total of 6,823 disabled persons received three benefits simultaneously –disability pension, attendance allowance and mobility allowance – while 28,859 disabled persons received two benefits. (See possible combinations in Table 2 above.)

C. General disability pension

In December 2008, the number of recipients of disability pension amounted to 197,229 – an increase of about 4.3% compared with December 2007. This rate of increase is in the average range of recent years, and is higher than the increase in the general population of the relevant ages. The percentage of recipients of general disability pension came to about 4.6% of the population.

Table 3, which gives the distribution of recipients by gender and marital status, shows that nearly 49% of recipients of disability pension are married, and that, among the men, the percentage of married men is higher than among women who receive a disability pension as wage earners (about 52% compared with 32%, respectively). It is important to point out that more than 20% of the women are receiving disability pension as housewives; that is to say, their eligibility is contingent upon their being married.

Table 3
**Recipients of General Disability Pension,
 by Gender and Marital Status, December 2008**

	Total		Percentage Married
	Number	Percentage	
Total	197,229	100.0	48.7
Men	112,842	57.2	51.7
Wage-earning women	66,987	34.0	32.0
Housewives	17,400	8.8	100.0

Table 4 shows all recipients of disability pensions by category of impairment. When determining the degree of medical disability, all of the disabled person's impairments are taken into account. The impairment that causes a person the highest degree of disability is defined as the primary impairment. When examining primary impairments among the disabled, it was found that mental impairments are the most common primary impairment. Mental impairments can be divided into two categories according to the existing impairment categories: category 33 – psychotic disorders, and category 34 – psychoneurotic disorders. In general, it can be said that psychotic disorders are usually severe disorders in terms of functioning, and range from protracted to chronic in nature. Among those suffering from a mental impairment, this is the largest group. After mental impairments, internal impairments are the next most frequent.

Distribution of the impairments by gender shows that the percentage of housewives suffering from mental retardation is lower than average (2.9% compared with 13.4% among wage-earning women, and compared with 10.3% among men). The percentage of married women suffering from an internal impairment is higher, relative to all recipients of the disability benefit – 28.9% compared with 24.9%, respectively. There is quite a high incidence of locomotoric impairment among housewives (14.3% compared with about 6.4% among men).

Table 4
**Recipients of Disability Pension, by Gender and Primary Impairment
 (absolute numbers and percentages), December 2008**

Primary impairment	Total		Gender		
			Men	Wage-earning women	Housewives
Absolute numbers	197,229		112,842	66,987	17,400
Percentages		100.0	100.0	100.0	100.0
	Absolute numbers		Percentages		
Mental	62,686	31.8	32.5	32.0	26.6
Psychotic disorders	39,350	20.0	21.0	18.8	17.7
Psycho-neurotic disorders	23,336	11.8	11.5	13.2	8.9
Internal	49,166	24.9	27.2	20.0	28.9
Mental retardation	21,042	10.7	10.3	13.4	2.9
Neurological	24,680	12.5	12.5	12.5	13.2
Visual	10,603	5.4	5.2	5.2	7.1
Locomotoric	16,044	8.1	6.4	9.4	14.3
Urogenital	6,364	3.2	2.7	3.7	4.9
Hearing	3,892	1.9	1.8	2.4	1.4
Other	2,752	1.4	1.4	1.6	0.9

Table 5 shows the distribution of recipients of disability pension by degree of incapacity and by primary impairment. The majority of the disabled (about 81%) have a full degree of incapacity, while about 11% have a degree of incapacity of 60%.

An examination of the impairments by degree of incapacity shows that, among those who are 100% incapacitated, about 36% are those with mental impairments, while among those with low degrees of incapacity, about 12% have a degree of incapacity of 60%, and about 20% have a degree of incapacity of 65%. On the other hand, persons with locomotoric impairment only comprise about 6% of all disabled persons with 100% incapacity, and about 16% of the disabled persons with lower degrees of incapacity. These differences reflect the ability of those with various disabilities to integrate in the labor market. It is important to note that, in relation to those with internal impairments, only about 21% are 100% incapacitated, while about 45% have a degree of incapacity of 60%.

Table 5
**Recipients of Disability Pension, by Degree of Incapacity
 and by Primary Impairment (number and percentage), December 2008**

Impairment	Total	Degree of incapacity			
		60	65	74	100
Absolute numbers – total	197,229	22,679	11,375	2,487	160,688
Percentages – total	100.0	100.0	100.0	100.0	100.0
Mental – psychotic disorders	20.0	3.7	10.1	14.9	23.1
Mental – psychoneurotic disorders	11.8	7.9	9.7	10.1	12.6
Internal	24.9	45.2	39.0	30.5	21.0
Mental retardation	10.7	1.4	1.9	2.7	12.7
Neurological	12.5	9.3	10.3	13.8	13.1
Visual	5.4	5.4	5.2	7.5	5.4
Locomotoric	8.1	16.0	15.9	14.2	6.4
Urogenital	3.2	5.6	4.5	3.8	2.8
Hearing	1.9	4.3	2.4	1.2	1.6
Other	1.4	1.4	1.2	1.3	1.4

The average disability pension in 2008 was NIS 2,457 per month – a slight decline in real terms (about 1.9%) compared with 2007 (Table 6).

Table 6
**Average Monthly Disability Benefit at current prices,
 at fixed prices and as a percentage of the average wage, 2002-2008**

Year	Disability pension		
	Current prices	2008 prices	Percentage of average wage
2002	2,219.0	2,420.2	31.5
2003*	2,325.0	2,518.3	33.9
2004	2,352.0	2,557.7	33.4
2005	2,340.0	2,512.0	32.4
2006	2,398.0	2,521.3	32.1
2007	2,394.0	2,503.6	31.4
2008	2,457.0	2,457.0	31.0

* As of 2003, the payments include the sums paid for an additional monthly pension that was instituted following the statutory amendment that was enacted after the nationwide strike by the disabled.

D. Attendance allowance

In December 2008, a total of 30,133 disabled persons received an attendance allowance – about 6.7% more than the number of recipients in December 2007. About 78% of them were entitled also to a disability pension; about 4% were not entitled to a disability pension due to their earnings (special attendance allowance); while about another 18% did not receive a disability pension due to their being beyond the eligible age (61 and eight months for women and 66 and eight months for men) (attendance allowance for the elderly). A total of 6,823 disabled persons received a mobility allowance, in addition to their disability pension and the attendance allowance.

Table 7, which shows the distribution of recipients of attendance allowance according to category of recipient and eligibility level, shows that there are hardly any differences between the various categories of eligible persons in terms of levels of entitlement to the allowance, with the exception of those not eligible for a disability pension due to their income from work. In this group, those with a level of eligibility of 50% carry a greater weight.

Table 7
**Recipients of Attendance Allowance, by Category of Recipient
and Entitlement Level (absolute numbers and percentages), December 2008**

	Total		Entitlement level		
	Numbers	Percentages	50%	100%	150%
Total recipients of attendance allowance	30,133	100.0	52.0	27.5	20.5
Recipients of attendance allowance and general disability pension	23,426	100.0	51.6	27.2	21.2
Recipients of special attendance allowance	1,385	100.0	57.2	25.8	17.0
Recipients of attendance allowance for elderly	5,322	100.0	52.2	29.4	18.4

Table 8 shows the distribution of recipients of a disability pension and an attendance allowance, and, among these, the recipients of attendance allowances coupled with a mobility allowance, by category of primary impairment. By examining this distribution, differences in impairments among the various categories can be discerned. For example, persons with a neurological impairment comprise some 13% of the recipients of a disability pension, about 36% of the recipients of an attendance allowance, and about 71% of the recipients of both attendance and mobility allowances. Persons with internal impairments, who comprise about one quarter of the recipients of the disability pension and about 22% of the recipients of the attendance allowance, comprise only about 10% of those receiving both the attendance allowance and the mobility allowance. A similar trend, albeit sharper, was observed among persons with mental impairments – 32% of the recipients of a disability pension compared with about 1.5% of the recipients of both the attendance and mobility allowances.

Table 8
**Recipients of Disability Pension, Attendance Allowance, or
Attendance Allowance + Mobility Allowance,
by Primary Impairment, December 2008**

Primary impairment	Total recipients of disability pension	Recipients of attendance allowance	Recipients of attendance allowance and mobility allowance
Absolute numbers	197,229	30,133	8,142
Percentages	100.0	100.0	100.0
Internal	24.9	22.0	9.5
Urogenital	3.2	8.0	1.5
Neurological	12.5	35.7	71.4
Mental	31.8	7.6	1.5
Locomotoric	8.1	8.4	9.6
Visual	5.4	8.2	1.8
Mental retardation	10.7	9.6	4.6
Hearing	1.9	0.3	0.1
Other	1.4	0.3	0.1

Table 9
**Attendance Allowance (monthly average) at current prices,
at 2008 prices and as percentage of average wage, 2002-2008**

Year	Attendance allowance		
	Current prices	2008 prices	% of average wage
2002	1,533.0	1,672.1	21.8
2003	1,853.0	2,007.1	27.0
2004	1,855.7	1,953.6	26.4
2005	1,869.1	2,006.2	25.9
2006	1,932.7	2,032.1	25.9
2007	1,947.0	2,036.2	25.5
2008	2,010.0	2,010.0	25.4

In 2008, the average attendance allowance (including the special benefit for persons suffering from particularly severe impediments), was NIS 2,010 per month – a 1.3% decline in real terms compared with 2007. On the other hand, as a percentage of the average wage, the allowance remained stable, due to the 0.7% decline in the average wage in real terms, compared with 2007.

E. Benefit for disabled child

In 2008, an average of 25,555 children received benefit for disabled child every month – an increase of about 6.1% compared with 2007. This increase is much higher than the increase in the

children's population – which is estimated at about 1.6%. Table 10 shows that the majority of these children (about 67%) are over the age of 8, while about 8% are under age 3. About 72% of the children received a benefit at the level of 100% (a benefit equivalent to the full disability pension for a single individual) or over 100%, while about 18% received a benefit at the level of 50%. Among the children who received a benefit in December 2008, a total of 3,795 received the additional monthly benefit, because their families have more than one disabled child.

Table 10
Recipients of Benefit for Disabled Child (monthly average), by Age, 2002-2008

Year	Total	Age		
		Up to 3	8-3	18-8
2002	17,510	1,545	4,290	11,675
2003	18,360	1,465	4,576	12,672
2004	19,540	1,584	4,863	13,093
2005	20,955	1,708	5,202	14,045
2006	22,208	1,812	5,478	14,918
2007	23,810	1,898	5,847	16,065
2008	25,555	1,970	6,174	17,111

Entitlement to benefit for disabled child, unlike the entitlement to a disability pension or a mobility allowance, is not determined according to impairment categories, but rather takes into account all aspects of the child's functional capacity. Table F/4 in the Appendix of Tables details the recipients of benefit for disabled child in December 2008 by category of entitlement and by age of the child, while distinguishing between children who are studying and those who are not. In this table, we see that 43% of the children who are entitled to the benefit are eligible due to their dependence on the help of others, that about 20% are suffering from PDDs (Pervasive Development Disorders), and that about 19% are entitled to the benefit due to a sensory disability (hearing or visual).

The benefit for disabled child is calculated as a percentage of the full disability pension for a single individual. In 2008, the average payment was NIS 2,030 per month – a 1.7% decline in real terms compared with 2007.

Table 11
**Average Monthly Benefit for Disabled Child, at current prices,
 at 2008 prices, and as a percentage of the average wage**

Year	Benefit for disabled child		
	Current prices	2007 prices	% of average wage
2002	1,488.5	1,623.1	21.1
2003	1,912.7	1,862.6	26.2
2004	1,929.2	2,071.7	25.7
2005	1,925.8	2,097.9	25.6
2006	1,973.3	2,067.5	24.6
2007	1,974.5	2,065.5	24.1
2008	2,030.0	2,030.0	25.6

As of 2003, the benefit includes the additional monthly benefit that was instituted by law following the nationwide strike by members of the disabled population.

F. Mobility Allowance

The average number of recipients of mobility allowance per month rose from 27,311 in 2007 to 28,917 in 2008 – an increase of about 5.9%. Table 12 shows the distribution of recipients of mobility allowance in December 2008, by age and earnings. A person with limited mobility is defined as a "wage-earner" if he/she earns a sum exceeding 25% of the average wage in the economy. About 16% are adults over the age of 65 (the majority of whom are not earning a wage) and about 13% are children under age 18. The ratio of wage earners to those not earning a wage remained the same as in 2007; i.e., 20% of all recipients of a mobility allowance are wage earners, while 80% are not earning a wage.

Table 12
Recipients of Mobility Allowance, by Earnings and by Age, December 2008

Age group	Total		Wage earner		Not earning a wage	
	Number	%	Number	%	Number	%
Total	29,672	100.0	5,899	100.0	23,773	100.0
3-18	3,879	13.1	0	0	3,879	16.3
19-34	4,247	14.3	522	8.8	3,725	15.7
35-44	3,149	10.6	786	13.3	2,369	9.9
45-54	5,141	17.3	1,662	28.2	3,479	14.6
55-64	8,551	28.8	2,420	41.0	6,131	25.8
65+	4,705	15.9	509	8.6	4,196	17.7

Table 13 shows the distribution of recipients of mobility allowance by age, by whether or not they drive a vehicle and by vehicle ownership. Also shown are recipients who receive their allowance

and have no vehicle. The table shows that about 37% of those with no vehicle and about 31% of those who do not drive are children up to age 18. Among those who are drivers themselves, the 45 to 64 year olds are the largest categories. The percentage of recipients age 65 or over is about 16% (22% of the drivers and about 10% of the non-drivers). In this context, it should be noted that, since 2002, the entitlement to continued assistance for those who reached age 65 is no longer contingent upon their holding a valid driver's license, so that the category of recipients of age 65 and over who have no vehicle and no driver's license is fairly new.

Table 13
**Recipients of Mobility Allowance, by Driving and by Age
(absolute numbers and percentages), December 2008**

Age group	All recipients		Drivers		Non-drivers		No vehicle	
	Numbers	%	Numbers	%	Numbers	%	Numbers	%
Total	29,672	100.0	18,060	100.0	6,034	100.0	5,578	100.0
3-18	3,879	13.1	2	0.0	1,839	30.5	2,038	36.5
19-34	4,247	14.3	1,794	10.0	1,413	23.4	1,040	18.6
35-44	3,169	10.6	2,134	11.8	469	7.8	546	9.8
45-54	5,141	17.3	3,878	21.5	597	9.9	666	11.9
55-64	8,551	28.8	6,410	35.5	1,139	18.9	1,002	18.0
65 +	4,705	15.9	3,842	21.3	577	9.6	286	5.1

Table 14 shows the distribution of recipients of mobility allowance by characteristics of their driving between 2003 and 2008. This table shows that the non-driver category makes up about 39% of all recipients of a mobility allowance, while the driver category comprises about 61%. This ratio between drivers and non-drivers has not changed since 2007. The percentage of recipients with no vehicle has also remained the same in 2008, after the rapid increase that characterized this category in the early 2000s.

About 53% of the drivers have a medium-sized vehicle (1,300 to 1,799 cc); about 40% have a small vehicle, while the remainder have large vehicles. It should be noted that a significant increase has occurred in the percentage of owners of vehicles whose volume exceeds 2,000 cc, mainly due to the increased use of van-type vehicles. The number of recipients of the mobility allowance who have a van was 219 in 1999; the number rose to about 640 in 2001, and by December 2008, the number of recipients of mobility allowance who own a van amounted to 3,808.

Table 14
**Recipients of Mobility Allowance, by Driving
 (absolute numbers), 2003–2008**

	2003	2004	2005	2006	2007	2008
Total	22,313	23,523	24,901	26,080	27,311	28,917
Drivers	14,883	15,435	15,851	16,319	16,858	17,668
Non-drivers	7,427	8,089	9,501	9,759	10,449	11,248
thereof: Don't own a vehicle	4,090	4,284	4,610	4,892	5,109	5,448

The average mobility allowance in 2008 was NIS 1,648, an increase of 2.8% in real terms compared with 2007.

Table 15
**Average Monthly Mobility Allowance,
 at current prices and at 2008 prices, 2002-2008**

Year	Mobility allowance	
	Current prices	2008 prices
2002	1,353.4	1,476.1
2003	1,440.9	1,560.4
2004	1,461.0	1,588.8
2005	1,481.0	1,589.9
2006	1,513.3	1,591.2
2007	1,533.6	1,603.8
2008	1,648.6	1,648.6

G. Benefit for radiation-affected persons

In December 2008, the number of recipients of benefit for radiation-affected persons amounted to 3,543: 5.7% higher than the number of recipients of this benefit in December 2007. Table 16 shows that all recipients of this benefit are at least 45 years old. Women comprise some 62% of the recipients, while the men are slightly older than the women.

Table 16
**Recipients of Benefit for Radiation-affected Persons,
 by Gender and Age, December 2008**

Gender	Total	Age		
		45-55	55-60	+60
Numbers – total	3,543	192	904	2,447
Percentage of whom are women	61.5	66.7	67.0	59.1

Table 17
**Recipients of Benefit for Radiation-affected Persons,
 by Primary Impairment and Degree of Medical Disability, December 2008**

Primary impairment	Total	Degree of Medical Disability (%)					
		40-49	50-59	60-69	70-79	80-89	90-100
Numbers – total	3,543	1,545	737	500	311	203	247
Percentages	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Internal	13.7	3.8	11.1	21.4	25.4	24.6	44.1
Neurological	10.9	2.8	9.0	15.6	19.3	31.0	30.8
Mental	26.9	29.9	32.7	24.6	22.2	14.7	7.3
Scars, diseases and skin injuries	32.2	42.1	35.3	29.2	17.7	11.8	2.2
Other*	16.3	21.4	11.9	9.2	15.4	12.9	15.6

* Including locomotor impairments, visual and hearing impairments, mental retardation, etc.

Table 17 shows that 44% of the recipients of this benefit have a medical disability of 40%-49%, while another 21% of the recipients have a medical disability of about 50%-59%. Approximately 32% suffer from skin problems, while another 27% suffer from mental problems. Among the most severely disabled (with a degree of medical disability of 90%-100%), about 75% suffer from internal or neurological problems.

About 25% of the recipients of the benefit to radiation-affected persons receive at least one additional benefit, as shown in Table 18.

Table 18
**Recipients of Benefit for Radiation-affected Persons,
 by Category of Additional Benefit, December 2008**

Number of additional benefits	Benefit category	Number of recipients
Total	Radiation-affected persons	3,543
No other benefit		2,663
One additional benefit only	General disability pension	600
	Attendance allowance	63
	Mobility allowance	34
Two additional benefits	General disability and attendance	98
	General disability and mobility	33
	Attendance and mobility	11
Three additional benefits	General disability, attendance and mobility	41

The average benefit in December 2008 was about NIS 1,103 – a decline of about 2.7% in real terms compared with 2007. The total payments for radiation-affected persons amounted to some NIS 101 million in 2008.

H. Polio victims' benefit

In December 2008, the number of recipients of the polio victims' benefit amounted to 2,954. As expected, the majority of the recipients (64%) are at least 55 years old. About 62% of the recipients have a certified degree of medical disability of at least 80%. Some 78% of the recipients of this benefit receive at least one additional benefit. As Table 19 shows, the most common additional benefit is the mobility allowance (70% receive the mobility allowance).

Table 19
**Recipients of Polio Victims' Benefit,
 by Category of Additional Benefit, December 2008**

Number of additional benefits	Benefit category	Number of recipients
Total	Polio victims	2,954
No additional benefit		535
One additional benefit only	General disability pension	301
	Attendance allowance	6
	Mobility allowance	973
Two additional benefits	General disability and attendance	46
	General disability and mobility	553
	Attendance and mobility	154
Three additional benefits	General disability, attendance and mobility	386

In December 2008, the average benefit totaled NIS 2,801, which is 35.4% of the average wage in the economy. In 2008, the total payments for polio victims reached some NIS 207 million.

I. Scope of Payments

In 2008, payments of some NIS 9.3 billion were made in the Disability branch, a sum that, in real terms, is 1.8% higher than that paid in 2007.

Table 20
Total Payments in Disability Branch,
and Percentage of All National Insurance Benefits, 2002-2008

Year	NIS million (2008 prices)	Annual growth rate in real terms (percentage)	Ratio of Disability branch payments to all benefit payments
2002	7,427.6	8.9	14.9
2003	7,656.9	3.1	16.4
2004	7,799.2	0.9	17.2
2005	8,050.5	4.2	18.0
2006	8,517.3	5.8	18.3
2007	9,166.9	7.6	19.2
2008	9,329.0	1.8	19.2

Table 20 shows that the percentage of benefit payments in the Disability branch out of all benefit payments has steadily increased since 2002 and amounted to 19.2% in 2008. The reason for this growth is that this branch's benefits were not reduced during this period, and they even increased as a result of the additional benefits granted to the disabled following their strike. As opposed to this, substantial cutbacks have been made in recent years in some of the other benefit branches (Children, Unemployment, Income Support, etc). The increase in the number of recipients also contributed to some extent to the increase in payments. For example, the number of recipients of disability pension increased by about 29% between 2002 and 2008, and the number of recipients of benefit for disabled child increased by 44% during the same period.

Table 21
Disability Branch Payments, by Type of Payment (percentages), 2002-2008

Year	Total	Disability and rehabilitation	Mobility	Attendance	Disabled child	Fund for the Development of Services
2002	100.0	75.9	9.2	7.1	6.4	1.4
2003	100.0	75.0	9.1	7.3	7.3	1.3
2004	100.0	74.2	9.5	7.5	7.4	1.4
2005	100.0	73.9	9.5	7.6	7.6	1.4
2006	100.0	72.8	10.5	7.9	7.6	1.2
2007	100.0	73.4	10.2	8.0	7.5	0.9
2008	100.0	72.4	10.9	8.3	7.6	0.8

A review of the distribution of expenditure in the Disability branch by category shows that the payments of disability and rehabilitation pensions declined in 2008 compared with 2007, reaching some 72.4% of the branch's total expenditure. The downtrend that began many years ago – but took an exceptional upward swing in 2007 – resumed in 2008.

7. Work Injury Insurance

A. General

Work injury insurance grants an insured person who is injured at work the right to an allowance or other defined assistance, according to the nature of the injury. The allowances and assistance are:

- a. **Injury allowance** – paid to a salaried or self-employed worker who as a result of a work accident is unable to engage in his occupation or other suitable work. The worker – whether salaried or self-employed – is entitled to injury allowance for one injury for 91 days (13 weeks) at the most. Until January 31, 2002, anyone who was injured was entitled to injury allowance for a maximum period of 26 weeks. The injury allowance is equal to 75% of the injured person's income in the three months prior to the injury.

In 2005, the law was amended, and the period of eligibility for injury allowance at the employer's expense was increased from 9 days to 12 days. Anyone without an employer, such as a self-employed person, is not entitled to payment for the first 12 days.

During the period 2002-2007, injury allowance was reduced by 4%. On December 31, 2007, this reduction order expired.

- b. **Disability pension** – paid to work accident disabled persons whose injury renders them disabled for a defined period or permanently. Disability pensions are: a temporary disability pension, paid to work accident disabled persons who are defined as having a temporary disability degree of at least 9%; a permanent disability pension, paid to work accident disabled persons who are defined as having a permanent disability degree of at least 20%; disability grant, paid to anyone who is defined as having a permanent disability degree of 9%-19%; a special pension and grant for one-time arrangements, paid to work accident disabled persons (in addition to their monthly pension) whose disability degree is 75% or more. The amount of the temporary or permanent disability pension is determined on the basis of the disabled person's income in the three months prior to the injury: the full disability pension for a disabled person whose disability degree is 100% is 75% of his earnings in the determining period; the pension of a disabled person whose disability degree is less than 100% is calculated on a pro rata basis.

Payments of **disability grants** for work injuries have undergone far-reaching changes in recent years. Until 2003, the grant was equal to 70 pension payments. Anyone injured on or after July, 1, 2003 receives a grant equal to 45 pension payments (special rules were defined regarding the application to victims of occupational diseases). In 2005, the law was amended and the work disability grant and the temporary disability pension became payable starting with a disability degree of 9% instead of 5% – for work accidents and occupational diseases.

In May 2008, an amendment was made to the list of tests, and items were added dealing with impairment due to AIDS, low blood pressure, overweight and obesity, pancreatic deficiency and impotence.

- c. **Dependents' benefits** – paid to the family of an insured person who is killed in a work accident or dies later as a direct result of the accident, if the family members were dependent on him for their living expenses. The full amount of the dependents' benefit is 75% of the deceased's salary in the determining period. A partial allowance is determined according to the eligibility degree. The eligibility degree for dependents' benefits is determined according to the number of dependents (for example, a widow without children is entitled to receive 60% of the full disability allowance, while a widow with three children is eligible to receive 100% of this allowance).
- d. **Medical costs (including hospitalization and medical rehabilitation)** – medical treatment is given to disabled persons through their Health Fund. The Institute, according to an agreement, pays the Health Funds for this treatment. The treatment also includes, as necessary, medical rehabilitation, recuperation, nursing, etc.
- e. **Vocational rehabilitation** – is given to a disabled person with a degree of 10% or more permanent disability, who as a result of a work accident is unable to return to his previous occupation or other work.

On January 1, 2006, the method of updating allowances for disabled persons of work accidents was changed, and they are now updated on January 1 each year:

- a. A new value was added to the definitions, the *basic amount*¹, which replaces the average wage for calculating allowances. The original basic amount is the average wage that was the basis for calculating various benefits before they were frozen in 2002-2003, and amounted to NIS 7,050. On January 1st of each year, the *basic amount* is updated according to the rate of rise in the index. In January 2008, the *basic amounts* were increased by 2.8%, which was the rate of increase in the consumer price index for the period from November 2006 to November 2007. As of January 2008, the *basic amount* is NIS 7,443.
- b. The ceiling for the daily injury allowance is calculated according to 75% of the *basic amount*, times 5 and divided by 30.
- c. In April 2008, the basis for old-age and survivors' pensions was increased (to 16.5% of the *basic amount*) and the basic old-age pension for pensioners aged 80+ was increased (to 17.5% of the *basic amount*). Changes in old-age pensions have implications for recipients of disability allowance for disabled persons of work accidents that are equal to these pensions (128 disabled persons) and recipients of dependents' benefit (72 families).

1 See footnote 25 in Chapter 1.

B. Injury allowance

In 2008, the number of people receiving an injury allowance increased to 69,740 – an increase of 3.1% compared with 2007 (Table 1).

It should be noted that, among the 63,584 salaried employees who received an injury allowance in 2008, 19,272 were employed by *authorized employees* according to Regulation 22, so that the National Insurance Institute does not reimburse the employer for the injury allowance paid for the first 12 days of eligibility. According to this Regulation, the NII may permit an employer to pay injury allowance on behalf of the Institute, and he must pay it on the dates when he usually pays wages. The employer must submit a claim to the NII for the work accident in which the employee was injured, and the NII reimburses him for any amounts paid (for the 13th day onwards) plus a commission of 2.5% of the injury allowance. If the Institute rejects the claim, the employer is not reimbursed for any payments to the employee.

In 2000, recipients of injury allowances represented 3% of all employed persons, while in 2005-2008 they represented 2.3%. The gradual decrease that began in 1996 and continued until 2008 (Table 2) occurred alongside changes in legislation – payment for the first days at the employer's expense and elimination of eligibility for this payment for anyone without an employer (in 1997 and 2005). In other words, the proportion of recipients of injury allowance among all employees fell with the decrease in the number of recipients of injury allowances and the increase in the number of employed people. The average number of days of work incapacity reached a peak in 2001 (40 days). Since then, there has been a sharp decrease (Table 1), due in part to a change in legislation (reducing the maximum period for injury allowance from 26 to 13 weeks, from February 1, 2002). The decrease in average incapacity days stopped in 2003, and from then until 2008 the average remained 34 days.

Table 1
**Employed, Recipients of Injury Allowance and Days of Work Incapacity,
2000-2008**

Year	Number of employed	Recipients of injury allowance**	Days of work incapacity	Average days of work incapacity
2000	2,519,800	76,185	2,863,296	37.6
2001	2,559,000	69,087	2,765,654	40.0
2002	2,569,200	70,025	2,594,111	37.0
2003	2,589,600	61,539	2,084,364	33.9
2004	2,634,000	65,776	2,204,345	33.5
2005	2,722,600	63,856	2,109,993	33.0
2006	2,801,000*	64,296	2,170,751	33.8
2007	2,925,100*	67,657	2,291,149	33.9
2008	3,041,000*	69,734	2,408,514	34.5

* According to CBS figures for 2008 – National Accounts. "Employed" include Israeli workers, foreign workers (reported and non-reported) and residents of Judea & Samaria and Gaza.

** Starting in 1997, includes injured workers who did not in fact receive any payment from the National Insurance Institute, due to changes in the law that year, but were approved and would have been eligible for payment had it not been for these changes. (The actual number of recipients of payment from the NII in 2008 was 58,165.)

Table 2
**Percentage Change in Recipients of Injury Allowance
 and Days of Work Incapacity, 2000-2008**

Year	Recipients of injury allowance as a percentage of all employed	Percentage change in annual average		
		Employed	Recipients of injury allowance	Average days of incapacity
2000	3.0	2.1	3.39	0.80
2001	2.7	1.6	-9.32	6.38
2002	2.7	0.4	1.36	-7.50
2003	2.4	0.8	-12.12	-19.65
2004	2.5	1.7	6.90	-0.10
2005	2.3	3.4	-2.90	-1.40
2006	2.3	2.9	0.70	2.40
2007	2.3	4.4	5.20	0.30
2008	2.3	4.0	3.07	1.77

Table 3
Recipients of Injury Allowance, by Duration of Incapacity, 1996, 2000-2008

Year	Employed under permit	Incapacity days	Injury allowance recipients	Number of incapacity days								
				0	14-1	30-15	45-31	60-46	75-61	90-76	91	92+
Absolute numbers												
1996	2,133,800	2,990,363	92,274	72	45,401	21,862	8,228	4,643	2,941	1,889		7,528
2000	2,388,800	2,863,296	76,185	52	31,683	17,964	7,691	4,677	3,050	2,136		8,932
2001	2,398,000	2,765,654	69,087	50	26,546	16,371	7,677	4,518	3,005	2,013		8,907
2002	2,402,200	2,594,111	70,025	48	26,634	16,733	7,746	4,587	3,158	3,081	3,281	*4,757
2003	2,435,600	2,084,364	61,539	30	22,677	14,897	6,965	4,236	3,019	4,159	5,094	*462
2004	2,496,000	2,204,345	65,776	38	24,536	15,841	7,293	4,405	3,259	4,750	5,456	* 198
2005	2,600,600	2,109,993	63,856	36	23,892	15,480	7,210	4,366	3,069	4,919	4,768	*116
2006	2,685,000	2,170,751	64,296	37	23,432	15,469	7,245	4,547	3,218	5,182	5,101	*65
2007	2,807,100	2,291,149	67,657	42	24,582	16,298	7,695	4,673	3,432	5,424	5,476	*35
2008	**2,916,800	2,408,514	69,734	35	24,831	16,606	7,981	4,931	3,569	5,837	5,933	*11
Percentages												
1996			100.0	0.1	49.0	23.6	8.9	5.0	3.2	2.0		8.1
2000			100.0	0.1	41.6	23.6	10.1	6.1	4.0	2.8		11.7
2001			100.0	0.1	38.4	23.7	11.1	6.5	4.3	2.9		12.9
2002			100.0	0.1	38.0	23.9	11.1	6.6	4.5	4.4	4.7	6.8
2003			100.0	0.0	36.8	24.2	11.3	6.9	4.9	6.8	8.3	0.8
2004			100.0	0.1	37.3	24.1	11.1	6.7	5.0	7.2	8.3	0.3
2005			100.0	0.1	37.4	24.2	11.3	6.8	4.8	7.7	7.5	0.2
2006			100.0	0.1	36.4	24.1	11.3	7.1	5.0	8.1	7.9	0.1
2007			100.0	0.1	36.3	24.1	11.3	6.9	5.1	8.0	8.1	0.1
2008			100.0	0.1	35.6	23.8	11.4	7.1	5.1	8.4	8.5	0

* Individuals injured before 31.01.02 who received injury payment after that date

** From the National Accounts, Central Bureau of Statistics

Over the years, the number of "serious" injuries for which claims were submitted to the NII has increased (Table 3): in 1996, 13.4% of recipients had 61 or more days of work incapacity, while from 2001 to 2008, this applied to some 20%-22% of recipients, with a trend towards a steady increase.

Table 4 presents data about employees (source: CBS National Accounts) and recipients of injury allowances among residents of Israel, residents of the Palestinian territories and foreign workers in the years 2000-2008. The proportion of recipients of injury allowances among foreign employees and residents of the Palestinian territories was low in all those years. It might have been expected that the rate of injury allowance recipients in those groups, taking into account the relatively dangerous economic branches (agriculture and construction) in which they work, would be at least similar to that of Israeli residents. The low rate apparently reflects the under-reporting by this population of injuries at work, probably deriving from ignorance of their rights, fear of losing their jobs if they are absent following an accident, their illegal status and fear of their fate if their illegal presence in Israel becomes known. In the case of serious accidents, they have no choice but to seek medical treatment and submit claims for injury and disability allowances. The NII directly pays the one-time emergency room treatment costs for foreign workers, and, since April 2008, also for workers from the Palestinian territories injured in work accidents, who have not submitted claims for injury allowances. From this source alone, we know that in 2008 about 2,280 foreign workers were treated in hospital emergency rooms, more than three times the number of foreign workers who received injury allowances in 2008. It should be noted that among residents of Israel who seek medical treatment, the ratio between those who submit claims to the NII and those who do not submit claims is about 1:1.

From April 1, 2008, the same rules have applied to medical treatment by Clalit Health Services for work accident disabled persons from the Palestinian territories and foreign workers. Since April 2008, about 390 residents of the territories have been treated in hospital emergency rooms.

Foreign workers are covered by work injury insurance, even if they are illegally in Israel. Until February 28, 2003, foreign workers and residents of the territories who were injured at work were eligible for the full benefits given to all disabled persons of work accidents, whether or not they had work permits. Since March 1, 2003, the benefit has been denied to unreported foreign workers: once they leave the country, they are paid any benefit for which they are found eligible starting from the date of leaving, but excluding the period for which the benefit was denied. The gradual decline in the number of foreign workers in the years 2002-2006 was expected, following amendments to the legislation and the activities of the Immigration Police. In 2007, an increase was again observed, which continued to the end of 2008. The number of workers from the Palestinian territories has gradually increased since 2002, with an increase of about 24% in 2008, compared with 2007.

In 2005, a clause was added to the National Insurance Law, applying work accident insurance to foreign workers and residents of the territories working for an Israeli employer in the Judea & Samaria region. (Until the change in the Law, these workers were not insured for work accidents.)

Table 4
**Employees, Recipients of Injury Allowance and Days of Work Incapacity,
 by Type of Residency, 2000-2008**

	Total	Israeli residents	Residents of the territories	Foreign workers
2000				
Employees*	2,519,800	2,217,900	95,900	206,000
Recipients of injury allowance	76,185	73,680	1,552	953
Recipients of injury allowance as % of all employees	3.0	3.3	1.6	0.5
Average days of incapacity	37.6	37.4	46.5	33.7
2001				
Employees*	2,559,000	2,264,900	47,800	246,300
Recipients of injury allowance	69,087	67,847	290	950
Recipients of injury allowance as % of all employees	2.7	3.0	0.6	0.4
Average days of incapacity	40.0	40.0	56.1	37.3
2002				
Employees*	2,569,200	2,284,400	30,300	254,500
Recipients of injury allowance	70,025	68,900	146	979
Recipients of injury allowance as % of all employees	2.7	3.0	0.5	0.4
Average days of incapacity	37.0	37.0	63.4	36.8
2004				
Employees*	2,634,000	2,400,800	37,400	195,800
Recipients of injury allowance	65,776	65,142	262	372
Recipients of injury allowance as % of all employees	2.5	2.7	0.7	0.2
Average days of incapacity	33.5	33.4	53.1	34.5
2005				
Employees*	2,722,600	2,493,600	46,300	182,700
Recipients of injury allowance	63,856	63,267	178	411
Recipients of injury allowance as % of all employees	2.3	2.5	0.4	0.2
Average days of incapacity	33.0	33.0	52.1	33.3
2006				
Employees*	2,801,000	2,573,600	47,100	180,300
Recipients of injury allowance	64,296	63,522	175	599
Recipients of injury allowance as % of all employees	2.3	2.5	0.4	0.3
Average days of incapacity	33.8	33.8	44.8	28.4
2007				
Employees*	2,925,700	2,682,000	50,500	193,200
Recipients of injury allowance	67,657	66,868	246	543
Recipients of injury allowance as % of all employees	2.3	2.5	0.5	0.3
Average days of incapacity	33.9	33.9	42.5	27.8
2008				
Employees*	3,041,000	2,777,100	62,600	201,300
Recipients of injury allowance	69,734	68,709	354	671
Recipients of injury allowance as % of all employees	2.3	2.5	0.6	0.3
Average days of incapacity	34.5	34.5	50.7	27.6

* Source: National Accounts – Central Bureau of Statistics.

In 2008, the average number of days of work incapacity among foreign workers was lower than that of Israeli residents, although it might have been expected to be higher, because of the types of work they are engaged in. The average number of incapacity days among residents of the Palestinian territories (Judea and Samaria) remained quite high, although their occupations are similar to those of foreign workers.

Another population group for which it is hard to obtain data regarding safety at work are the employees of manpower companies and manpower contractors. Manpower surveys by the Central Bureau of Statistics identify these employees by the question "Who pays your wages?". In the work injury system of the NII, manpower companies are not identified by a special code (the employer's economic branch or legal status), and we are therefore unable to check whether these employees are exposed to the same risks as are employees who are paid by their workplace, or whether the fact that they are "outsiders" for the employer leads to a reduction in the employer's responsibility for their safety. The figures from the Central Bureau of Statistics² show that the number of people receiving their wages from manpower companies increased from 41,500 in 2004 to 50,000 in 2007 (an increase of 20.5%). These are employees who are placed in a workplace and receive their wages from a manpower company or manpower contractor, while the workplace is responsible for the performance of their work and their safety. About a quarter of the people employed by manpower companies work in industry. There is also a problem with contracting companies that provide services rather than workers, and therefore the obligations applying to manpower companies, particularly the obligation to obtain a license, do not apply to them. The condition for obtaining and renewing a license is compliance with the laws relating to employment and safety at work.

The definition of workers who receive their wages from manpower companies does not include employees of sub-contractors, since the contractor is responsible for the performance of their work and for their safety. These are workers who are mainly employed in two secondary economic fields: security, guarding and cleaning, and home care-giving services. In 2007, 112,000 people were employed in these fields.

Table 5 distinguishes between salaried and self-employed recipients of injury allowances. From 1997, the number of self-employed who received injury allowances decreased from 9,483, to 6,150 in 2008 (a decrease of about 35%), and the percentage of self-employed among all recipients of injury allowances decreased from 11.3% to 8.8%. This decrease was apparently influenced by changes in the law regarding the first nine days and the first 12 days, and also by a wave of small business closures in periods of economic recession. The average number of days of work incapacity among the self-employed is about 47% higher than among salaried workers (48 days compared with 33, respectively). This difference is also apparently due to the fact that the self-employed tend not to submit claims to the National Insurance for short absences (less than 12 days).

2 From Table 2.50: Annual Civilian Workforce, Central Bureau of Statistics, and "New at the CBS", Manpower Survey 2007.

Table 5

Recipients of Injury Allowance, by Work Status and Days of Work Incapacity, 2008

Type of insured	Recipients of injury allowances		Average days of work incapacity
	Absolute numbers	Percentage	
All recipients	69,734	100.0	34.5
Salaried	63,584	91.2	33.2
Self-employed	6,150	8.8	48.6

Between 1997 and 2008, no significant changes were observed in the distribution of salaried work accident disabled persons among different economic branches. About 22% of the injured worked in industry, 14% in commerce and workshops, 12% in business services (including recruitment and provision of manpower services, as well as security, guarding and cleaning activities) and 10% in construction. In terms of the severity of the injury (measured here by the number of days of work incapacity), the construction industry takes first place (45 days), followed by community services, which include professional sports activities (38 days), transport and storage (about 36 days), commerce and workshops (35 days), business services and agriculture (33 days each) and industry (29 days).

Table 6
**Recipients of Injury Allowance, by Work Status and Economic Branch,
 December 2007 and December 2008**

Economic branch	December 2007				December 2008			
	Recipients		Incapacity days		Recipients		Incapacity days	
	Number	%	Number	%	Number	%	Number	%
Total	67,657		2,291,149		69,734		2,408,514	
Total salaried	61,661	100.0	2,007,784	100.0	63,584	100.0	2,109,484	100.0
Agriculture	2,025	3.3	65,631	3.3	2,142	3.4	69,749	3.3
Industry	13,948	22.6	412,168	20.5	14,254	22.4	416,722	19.8
Electricity and water	631	1.0	18,865	0.9	663	1.0	19,952	0.9
Construction	6,286	10.2	269,732	13.4	6,406	10.1	289,055	13.7
Commerce, repairs, vehicles	8,303	13.5	282,935	14.1	8,800	13.8	305,985	14.5
Hospitality, food	3,533	5.7	103,830	5.2	3,549	5.6	101,754	4.8
Transport, storage	4,453	7.2	158,947	7.9	4,635	7.3	165,529	7.8
Banking, insurance	901	1.5	26,626	1.3	1,030	1.6	28,015	1.3
Real estate, business services	7,444	12.1	241,229	12.0	7,701	12.1	257,757	12.2
Public service	5,580	9.0	154,665	7.7	6,004	9.4	173,102	8.2
Education	2,317	3.7	68,600	3.4	2,135	3.4	68,838	3.3
Community service	1,666	2.7	63,383	3.2	1,780	2.8	68,328	3.2
Health, welfare	4,049	6.6	120,019	6.0	4,120	6.5	129,137	6.1
Other and unknown	525	0.9	20,954	1.0	366	0.6	15,561	0.7
Self-employed	5,996		283,365		6,150		299,030	

With the increase in the number of women participating in the civilian workforce, which characterized the last two decades (from 39.2% to 46.6%), there was a parallel increase in the proportion of women among all recipients of injury allowances. The data for the second half of the 1990s and the beginning of the 2000s show that the proportion of women among all recipients increased gradually and steadily from 19.8% in 1995 to 29.6% in 2008 (Table G/2 in the Tables appendix). The median age of women receiving injury allowances is 44, while the medium age for men is 39. An examination of the distribution of men and women by age groups shows that in the younger groups (up to age 34), men account for 76%, while in the older groups (45-59 years) they account for only 64%. The average number of incapacity days is lower for women than for men: 30.9 versus 36.1. (See Table 7.)

Road accidents (during work, on the way to and from work) accounted for some 14.8% of all work accidents in 1996, while in 2008 they accounted for 21.2%. The number of road accidents on the way to work rose from about 9% of all work injuries in 1996 to 14.6% in 2008

(Table 8). On the other hand, **the number of road accidents in the course of work** remained stable (about 6%). Road accidents in general cause more severe injuries, shown by the greater number of days of incapacity than for other accidents. Also, the number of incapacity days resulting from road accidents **at work** is considerably higher than for other road accidents (39 versus 32 days). This difference is apparently due to the differences in severity of accidents on inter-urban and urban roads.

Table 7
Recipients of Injury Allowance and Employed Persons, by Age and Gender, 2008

Age	Recipients of injury allowance – numbers			Israeli employed* – numbers			Recipients of injury allowance as percentage of all employed persons		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total	69,734	49,067	20,667	2,573,596	1,383,623	1,189,973	2.7	3.5	1.7
To 17	242	206	36	24,079	14,746	9,333	1.0	1.4	0.4
18-24	7,519	5,881	1,638	279,422	131,990	147,431	2.7	4.5	1.1
25-34	17,328	12,970	4,358	739,144	399,005	340,139	2.3	3.3	1.3
35-44	15,855	11,547	4,308	614,209	331,980	282,230	2.6	3.5	1.5
45-54	15,644	9,928	5,716	538,113	282,091	256,022	2.9	3.5	2.2
55-59	7,003	4,237	2,766	215,857	117,339	98,518	3.2	3.6	2.8
60-64	4,217	2,779	1,438	95,045	58,994	36,051	4.4	4.7	4.0
65+	1,926	1,519	407	67,726	47,477	20,249	2.8	3.2	2.0

* Source: Microdata Under Contract files, Manpower Surveys, Central Bureau of Statistics, 2006.

Table 8
**Recipients of Injury Allowance, by Location of Accident
 and Days of Work Incapacity, 1996, 2002-2008**

Year	Accidents at work			Accidents on the way to and from work		
	Total	During work*	Road accidents at work	Accidents on the way to work	On the way to work, without a vehicle	Other
1996						
Numbers	92,274	75,341	5,361	8,310	2,880	382
Percentage	100.0	81.7	5.8	9.0	3.1	0.4
2002						
Numbers	70,025	50,529	4,327	10,645	3,671	853
Percentage	100.0	72.2	6.2	15.2	5.2	1.2
Ave. incapacity days	37.0	35.9	47.1	38.5	36.0	39.3
2004						
Numbers	65,776	46,888	4,638	9,655	3,455	1,140
Percentage	100.0	71.3	7.0	14.7	5.3	1.7
Ave. incapacity days	33.5	32.8	40.6	33.3	33.9	36.7
2006						
Numbers	64,296	45,374	3,833	9,339	3,575	2,175
Percentage	100.0	70.6	6.0	14.4	5.6	3.4
Ave. incapacity days	33.8	33.4	39.1	32.3	33.9	37.5
2007						
Numbers	67,657	47,757	4,092	9,571	3,991	2,246
Percentage	100.0	70.6	6.0	14.2	5.9	3.3
Ave. incapacity days	33.9	33.4	38.9	32.9	35.4	37.0
2008						
Numbers	69,734	48,472	4,627	10,170	4,180	2,285
Percentage	100.0	69.5	6.6	14.6	6.0	3.3
Ave. incapacity days	34.5	34.3	39.1	32.2	36.1	37.7

* Injuries from work accidents other than road accidents.

Since 2003, the average number of days of work incapacity has remained stable, at about 33-34 days, after decreasing from 40 days in 2001 (following the change in legislation in February 2002, which defined the maximum period for receiving injury allowances as 13 weeks).

The average injury allowance per day for the self-employed and salaried rose in 2008, partly due to a non-reduction of 4%, and the gap between them widened in favor of the self-employed, after remaining unchanged in the years 2005-2007. In 2007, injury allowances increased in real terms and as a percentage of the average salary.

Table 9
Average Injury Allowance per Day, by Work Status, 2000-2008

Year	Salaried employees			Self-employed		
	Current prices (NIS)	2008 prices (NIS)	% of average salary	Current prices (NIS)	2008 prices (NIS)	% of average salary
2000	147.4	171.9	65.1	161.6	188.5	71.4
2001	155.8	179.6	68.0	165.0	190.2	72.0
2002	157.7	172.1	65.2	170.5	185.9	70.4
2003	153.0	165.8	62.8	167.6	181.6	68.8
2004	151.6	164.8	62.4	174.2	189.5	71.8
2005	152.6	163.8	62.0	159.7	171.5	65.0
2006	153.5	161.4	61.1	161.5	169.8	64.3
2007	159.9	167.2	63.3	167.9	175.6	66.5
2008	174.6	174.6	66.1	199.2	199.2	75.5

C. Recipients of work disability pension

The number of recipients of permanent disability pension has been increasing steadily by more than 1,000 each year, and in 2008 reached 29,249. Most recipients of permanent disability pensions have low disability degrees, and this is even more noticeable among women: 64% of them have a disability degree of 20-39%, compared with 58% of the men, and only 9% of the men and 7% of the women have a disability degree higher than 80%. About 21% of the men receiving permanent disability pension are aged 65 and over, and 28% of the women are aged 60 and over (Table G/4 in the Tables appendix). Recipients of a disability pension from work can – when they reach the age of eligibility for an old-age pension – choose whether to continue receiving the work disability pension or to receive the old-age pension. According to the law, if the old-age pension is larger than the work disability pension, the individual can either have the disability pension capitalized and receive the old-age pension, or continue receiving a work disability pension equal to the old-age pension. In 2008, 234 disabled persons of work accidents capitalized their disability pension and began to receive the old-age pension.

Table 10
Recipients of Permanent Disability Pension, by Work Status, 2000-2008

Year	Total		Salaried employees	Self-employed
	Numbers	Annual % change		
2000	19,813	6.5	17,445	2,371
2001	20,810	5.0	18,309	2,501
2002	21,772	4.6	19,140	2,633
2003	22,960	5.5	20,176	2,784
2004	24,003	4.5	21,083	2,920
2005	25,179	4.9	22,120	3,059
2006	26,442	5.0	23,216	3,227
2007	27,799	5.1	24,406	3,393
2008	29,249	5.2	25,665	3,584

The average permanent disability pension in 2008 was NIS 2,895 for salaried employees and NIS 3,204 for self-employed. In real terms and as a percentage of the average salary, the pension rose for the self-employed and fell for the salaried employees. As in previous years, in 2008 the pensions for the self-employed were higher than for the salaried employees.

Table 11
Amount of Permanent Disability Pension,
by Work Status (monthly average), 2000-2008

Year	Salaried employees			Self-employed		
	Current prices (NIS)	2008 prices (NIS)	% of average wage	Current prices (NIS)	2008 prices (NIS)	% of average wage
2000	2,416.7	2,817.0	35.6	2,715.1	3,164.7	40.0
2001	2,667.1	3,074.8	38.8	3,019.3	3,480.8	43.9
2002	2,686.5	2,930.1	37.0	3,028.6	3,303.4	41.7
2003	2,743.0	2,971.0	37.5	3,074.7	3,330.2	42.0
2004	2,752.3	2,993.2	37.8	3,086.0	3,356.0	42.4
2005	2,740.6	2,942.1	37.1	3,086.4	3,313.3	41.8
2006	2,817.4	2,962.3	37.4	3,144.4	3,306.2	41.7
2007	2,823.0	2,952.3	37.3	3,131.1	2,994.0	37.8
2008	2,894.8	2,894.8	36.6	3,204.1	3,204.1	40.5

D. Recipients of disability grants

The disability grant is paid to disabled persons of work accidents whose disability degree is stable and less than 20%, but not less than 9%. The amounts of the grants and eligibility for them have undergone far-reaching changes in recent years. Until the enactment of the Recovery Plan for the Economy Law in June 2003, the grant was equal to 70 monthly pension payments. The Law stipulated that anyone injured from July 1, 2003 onwards would receive a grant equal to 43 pension payments. As a result of this legislative change, there has been a steep decline in the average disability grant. In 2008, 8,522 grants were paid for various injuries – 7,453 to salaried employees and 1,069 to the self-employed. The average disability grant paid to salaried employees in 2008 was about NIS 31,000, compared with NIS 29,230 in 2007, and to the self-employed it was NIS 28,825 compared with 27,385 in 2007. While the median disability degree is the same for salaried and self-employed (10%), the salary in the three months preceding the accident was 12-13% higher for salaried employees than for the self-employed.

This Law was amended in the Economy Arrangements Law for 2005, and the work disability grant is paid starting with a disability degree of 9% instead of 5%. Most individuals with a disability degree of 5%-9% suffer primarily from locomotive disability – 83%; 3% of them have an internal injury, 11% have hearing or vision defects, and 3% have skin defects and scars. Thus the number of grants is reduced: in 2008, 8,522 grants were paid, compared with 9,995 in 2007; 87.5% of them were paid to salaried employees in both years. The number of grants will continue to fall until the Law has fully matured. The amendment came into force for work accidents that occurred on or

after April 1, 2006, and in the case of occupational diseases – for claims submitted on or after that date.

E. Recipients of special disability pension

Victims of work accidents with a disability degree of 75% or more and those with walking difficulties whose disability degree is 65%-74% are entitled, in addition to any other benefit, to financial assistance for personal assistance and travel, and also to a grant for one-time arrangements such as purchase of a car, solving housing problems and purchasing special equipment relating to their disability.

In December 2008, about 2,770 individuals who were disabled following a work accident received the special grant, for an average amount of NIS 3,125, in addition to their monthly disability pension from work. In 2008, 171 rehabilitation grants were paid, for an average amount of NIS 29,300.

F. Recipients of dependents' benefit

The number of people receiving dependents' benefits gradually increased, from 3,286 in 1985 to 4,518 in 2008. The rate of growth is about 0.8%-1.5% annually (Table 13).

Table 12
Recipients of Dependents' Benefit,, by Work Status, 2000-2008

Year	Total		Salaried employees	Self-employed
	Numbers	% annual change		
2000	4,158	1.4	3,564	594
2001	4,199	1.0	3,601	598
2002	4,253	1.3	3,647	606
2003	4,306	1.2	3,698	608
2004	4,349	1.0	3,740	609
2005	4,399	1.1	3,792	607
2006	4,446	1.1	3,834	613
2007	4,482	0.8	3,868	614
2008	4,518	0.8	3,907	611

The average monthly dependents' benefit was NIS 5,342 in 2008 for salaried employees and NIS 5,585 for the self-employed. The dependents' benefit has been eroded in real terms and as a percentage of the average salaries of the self-employed and salaried employees.

Table 13
Average Monthly Dependents' Benefit, by Work Status, 2000-2008

Year	Salaried employees			Self-employed		
	Current prices (NIS)	2008 prices (NIS)	% of average salary	Current prices (NIS)	2008 prices (NIS)	% of average salary
2000	4,446.6	5,182.9	65.4	4,826.6	5,625.7	71.0
2001	4,889.8	5,648.9	71.3	5,269.3	6,074.9	76.7
2002	4,976.5	5,427.8	68.5	5,359.0	5,845.1	73.8
2003	4,964.4	5,377.1	67.9	5,362.4	5,808.2	73.3
2004	4,955.7	5,389.2	68.0	5,353.1	5,819.2	73.5
2005	5,007.5	5,375.7	67.9	5,395.5	5,792.2	73.1
2006	5,126.7	5,390.5	68.1	5,449.8	5,730.1	72.4
2007	5,185.3	5,422.8	68.5	5,451.1	5,700.8	72.0
2008	5,342.4	5,342.4	67.5	5,585.2	5,585.2	70.5

G. Scope of payments

The total amount of payments to disabled persons of work accidents and their dependents was NIS 2.89 billion in 2008. Table 15 shows that this amount represents an increase of 0.35% in real terms, compared with 2007.

Table 14
Total Payments* to Disabled Persons of Work Accidents and Dependents (NIS thousand), 2000-2008

Year	Current prices (NIS)	2008 prices (NIS)	Real rate of change (percentage)
2000	2,212,449	2,578,931	17.60
2001	2,457,869	2,833,266	9.90
2002	2,572,500	2,805,866	-1.00
2003	2,590,000	2,805,316	-0.02
2004	2,639,114	2,869,993	2.30
2005	2,649,630	2,844,451	-0.90
2006	2,742,931	2,884,048	1.40
2007	2,753,714	2,879,834	-0.15
2008	2,889,942	2,889,942	0.35

* Includes injury allowances, disability pensions, dependents' benefits, medical expenses and rehabilitation expenses.

Table 16 shows the distribution of all payments made by the Work Injury branch by their main components: injury allowances, disability pensions, dependents' benefit, medical expenses and rehabilitation expenses. Disability pensions account for the majority of the branch's payments – 62.6% in 2008, a small increase compared with 2007. Payments of dependents' benefits remained almost unchanged in 2008, compared with 2007. Disability pensions and dependents' benefits are

the component that is paid long term (until old age and sometimes after that, as explained in section 2 above). There was a continuing decrease in injury allowances as a percentage of all payments, from 1996 (21.9%) to 2006 (9.1%), apparently due to changes in legislation mentioned in this chapter, but in 2007-2008 there was a slight increase, to 10.6%, perhaps due to the cessation of the 4% reduction in these payments. Medical expenses gradually increased from 2001 to 2005, and since then have gradually declined. In 2008, rehabilitation expenses were about 5.1% of the branch's total expenses, compared with less than 1% in 1985.

Table 15

Total Payments* in Work Injury Branch, by Type of Benefit (percentages), 2000-2008

Year	Total	Injury allowances	Disability pensions	Dependents' benefit	Medical expenses	Rehabilitation expenses
2000	100.0	17.7	53.9	11.2	13.1	4.1
2001	100.0	15.6	57.0	11.0	11.9	4.5
2002	100.0	14.4	57.5	10.9	12.4	4.8
2003	100.0	10.8	61.0	11.1	12.4	4.7
2004	100.0	10.2	62.0	10.9	12.6	4.2
2005	100.0	9.5	60.3	11.6	14.2	4.4
2006	100.0	9.1	61.6	11.2	13.4	4.7
2007	100.0	9.6	62.4	11.2	11.6	5.2
2008	100.0	10.6	62.6	11.1	10.6	5.1

* Excluding payments for accident prevention activities, safety at work activity, research, special projects, legal assistance, medical committees and opinions.

8. Insurance for Victims of Hostile Actions

A. General

The Benefits for Victims of Hostile Actions Law was enacted by the Government of Israel with the aim of ensuring social benefits for the victims of hostilities and their families. The benefits granted under this Law (and its accompanying regulations) are paid by the National Insurance Institute and funded by the Ministry of Finance. The Law is intended to bring the rights of victims of hostilities in the civilian population into line with the rights and services granted to wounded IDF soldiers and bereaved families who are handled by the Ministry of Defense. The Law went through several stages until it acquired its present format¹. The innovations that the Law introduced are expressed in the definition of a "hostile incident," the establishment of an Approval Authority to determine which incidents are to be classified as hostile incidents, the definition of the main rights provided by the Act, full state funding for these benefits, the inclusion of past victims of hostile action in the Law, and the transfer of handling to the National Insurance Institute.

A **hostile action injury** is one of the following:

- Injury due to a hostile incident by enemy forces hostile to Israel, including actions outside of Israel intended to harm Jewish people;
- Unintentional injury caused in the aftermath of hostile actions by enemy forces, or unintentional injury in circumstances where there were reasonable grounds to fear a hostile incident;
- Injury caused by a weapon intended for use in a hostile incident by enemy forces, or injury by a weapon that was intended to combat such action, even if it was not activated, except for injury to a person aged 18 or over, who is perpetrating a crime or other offense involving malice or criminal negligence;
- Injury caused by violence, whose main aim is to harm a person because of their national-ethnic origin, providing that it is related to the Israeli-Arab conflict;
- Injury caused by violence, whose main aim is to harm a person because of their national-ethnic origin, carried out by a terrorist organization declared as such by the Israeli Government, pursuant to section 8 of the Prevention of Terror Orders 5708-1948, except for an organization that is an enemy force, or violence that is carried out on the orders of, or on behalf of, such an organization.

1 The Benefits for Victims of Hostile Actions Law was approved by the Knesset in 1970, retroactively to June 1967 for anyone injured by hostilities since February 25, 1949. In March 1977, the Law was broadened to apply also to anyone injured between May 14, 1948 and February 24, 1949. From March 1982, anyone injured between November 29, 1947 to May 13, 1948 is also eligible for this benefit.

The following are eligible for the benefit:

- An Israeli citizen who is injured in Israel or in Judea, Samaria or the Gaza Strip, or outside Israel, if a year has not yet elapsed since he/she ceased to be a resident;
- Anyone who entered Israel legally;
- A foreign resident working for an approved Israeli employer overseas and injured by a hostile incident overseas during the normal course of their work;
- A resident of the Palestinian territories who has an Israeli identity card and who was injured within the Green Line boundary;
- A resident of the territories who had an entry visa from the commander of the military force in the area and who was injured within the Green Line boundary.

B. Amendments to Benefits for Victims of Hostile Actions Law

The amendments to the Benefits for Victims of Hostile Actions Law, 1970, since its enactment show a trend towards extending the rights to benefits and additional and supplementary services, towards recognizing the eligibility of other family members and towards extending the definition of hostile incidents covered by the law. Unlike the population of injured individuals affected by the Invalids Law and the Families of Fallen Soldiers Law, victims of hostilities include children, old people and mothers of young children, and sometimes hostile acts harm several members of one family. In view of this, the solutions proposed in the Invalids Law and the Families of Fallen Soldiers Law do not always answer the needs of the families of victims of hostile incidents. In 2004, the Minister of Labor and Social Services appointed a committee to examine the rights of victims of hostile incidents and their families, in order to propose solutions to the special problems of this population. The deliberations of this committee showed that the main area that was not properly addressed in the existing legislation related to the special problems faced by children (minors and adult children) who had lost both parents, and the family members who took on the care of these orphans. In 2005, two amendments to the Law were passed concerning orphans, both of whose parents died in hostile incidents, and in 2008, a further amendment to the Law was passed on this matter. (For details, see section d. below).

In 2006, the definition of a *hostile action injury* was extended to include also injury caused by an action whose main purpose was to harm the Jewish people (section 18a of the Law). However, this extension only applies to residents of Israel.

The definition of *hostile action injury* was further extended to include injury resulting from an act of violence whose main purpose was to harm a person because of their national-ethnic origin, if such purpose derives from the Israeli-Arab conflict (section 4 of the definition) or the violent action is carried out by a terror organization (section 5 of the definition).

C. Initial handling of victims and other family members

Unlike other benefits paid by the National Insurance Institute, in which the process begins when the insured submits a claim, in the case of mass hostile incidents the initiative comes from the NII. When a terror incident is reported, the Institute contacts the national HQ of the Police and the Approval Authority in the Ministry of Defense, to obtain confirmation that the incident is considered a hostile incident. The hospitals and Magen David Adom immediately send a list of casualties to the NII, and the departments of Benefits and Rehabilitation prepare for swift intervention to deal with casualties and their families.

Preliminary assistance: The first step includes visiting hospitals and making contact with the injured and their families, collecting claims, locating urgent needs and making payments to hospitals, including covering expenses of the families of the casualties.

Medical treatment for the injured is deemed a benefit in kind, and includes hospitalization, surgery, tests, therapy, psychiatric and psychological treatment, medication, recuperation, medical rehabilitation, instruments and devices.

Treatment for victims of trauma: During the Second Lebanon War, an innovative procedure was introduced for treating people suffering from trauma. The purpose was to provide initial treatment before they were recognized as victims of hostile actions and eligible for benefits and treatments by virtue of the law. The NII initiated this procedure, which was formulated together with the Ministry of Health. (For details of the procedure for dealing with victims of trauma, see the chapter on Victims of Hostile Actions in the 2007 Annual Survey.) In 2008, the procedure for treating victims of trauma was carried out at four Hosen trauma centers in the western Negev – Sderot, Eshkol, Sha'ar Hanegev and Sdot Hanegev – and at the stress center in Barzilai Hospital in Ashkelon. In December 2008, the procedure was also introduced in Beer Sheba. In Jerusalem, the procedure was introduced in mental health clinics after the tractor attacks.

Initial assistance to the families of fatalities: The first contact with the bereaved families focuses on funeral arrangements, transport for accompanying family members, home visits to mourners and mental support. The rehabilitation and benefit representatives in the local branch give the family information about their basic legal rights. A widow is also entitled to a special grant, which is intended to provide for her immediate needs in the first period of her widowhood, until her rights to benefits can be exercised.

Branches of the Institute make contact with **essential services in the community**, such as emergency HQ of local authorities, social services in hospitals, mental health clinics, trauma centers and psychological-educational advice centers, for joint action.

D. Types of benefits

1. **Medical treatment payment** – People who are unable to work or function while receiving medical treatment (according to a medical certificate) and with the approval of the NII's doctor,

are eligible for a special payment during the treatment, on condition that they are not being paid a salary or compensation during this period, or, in the case of the self-employed – on condition that they are not engaged in their occupation. This payment is in fact short-term compensation for a limited period, until disability is determined by a medical committee.

2. **Disability benefits** – Anyone who is given a disability degree of at least 20% by a medical committee is eligible for a monthly disability benefit. The amount of the benefit or allowance is determined according to the disability degree, and is equivalent to the benefits paid to disabled IDF veterans under the Invalids Law (Compensation and Rehabilitation). Persons disabled by a hostile incident and subsequently injured in a further hostile incident, have their disability degree reassessed, and all their injuries are deemed to have been caused by a single hostile incident (combined disabilities). If necessary, other benefits and grants are added to pay for help, mobility allowance, monthly and annual benefits, and grants.

In addition to the standard benefits, **special increments** are paid to **certain groups**, such as the additional benefit for the severely disabled and the age increment, as well as special benefits at increased rates, for which eligibility is determined by disability degree, plus the individual's earning ability and rehabilitation potential. Special benefits:

- **Benefit for the needy disabled:** paid to individuals with a permanent disability degree of 50% or more who meet the criteria regarding income and earning ability. The benefit for the needy disabled is paid instead of the disability benefit, and eligibility is determined by a committee for one year at the most.
 - **Benefit for the disabled with no income** – paid to the disabled with a temporary or permanent disability degree of 10% or more, who meet certain criteria of income and job seeking. Eligibility is determined by a special committee, and the benefit is paid instead of the disability benefit (according to the disability degree) for a limited period only.
 - **Benefit for a disabled victim of hostilities who is no longer living** – gives eligibility for continued payment of the benefit for three years, to a relative as instructed by the disabled person.
 - **Lump-sum disability grant** – paid to anyone who is given a permanent disability degree of 10%-19% by a medical committee. The grant amount is calculated by multiplying the amount deriving from the disability degree by a certain number of months. The grant calculation table shows the number of months used for each disability degree. For example, for someone with a disability degree of 10%, the grant is calculated for 108 months, and for someone with a disability degree of 19%, the grant is calculated according to 215 months.
3. **Medical treatment** – Medical treatment includes hospitalization, clinical treatment including dental treatment for damage caused by the hostile incident, medication, auxiliary medical devices, recuperation and medical rehabilitation. Treatment is given according to confirmation from the NII that the incident has been recognized as a hostile incident and according to a monetary obligation from the Institute.

Treatment is given by means of the State's qualified medical services, which are the government health services and the recognized Health Funds. First aid is given to the injured by Magen David Adom and any doctor or medical institution close to the place where the incident occurred. Medical treatment for individuals with a disability degree of up to 19% is given by the Health Funds, according to the National Health Insurance Law.

4. **Vocational and economic rehabilitation** – intended to assist in the rehabilitation of disabled persons without a profession or who need vocational retraining due to their disability or cutbacks at their workplace. Anyone with a disability degree of 20% or more who has not received funding for studies from the NII can receive assistance from the NII in setting up their own business or strengthening an existing business. The business must be realistic in economic terms and be suited to the individual's ability, knowledge and physical limitations.
5. **Dependents' allowance** – paid to the survivors of an individual who was killed in a hostile incident.

Widows/widowers, and children who have lost one or more of their parents are eligible for a monthly allowance. The amount is calculated as a percentage of the salary of state employees, plus social benefits as a grossed-up monthly payment. The rate for widows/widowers depends on their age and, if they have children – on the ages of the children. The supplement for orphaned children is paid until each child completes his/her national service in the IDF, even if he/she has reached the age of 21. Once the children have completed their national service, the widow/widower receives the allowance paid to parents with adult children. Orphans in special situations receive increased rates.

Orphans who have lost both parents, at least one of whom died in a hostile incident, are eligible for a grant providing that they were over 21 and under 30 years of age when their parent died. (In 2008, this grant was about NIS 43,000.)

In 2008, the law was amended and it was determined that orphans both of whose parents died in a hostile incident will be eligible for a full monthly allowance until they reach the age of 27, and if they are orphaned after this age, they will be eligible for 80% of the allowance until they reach the age of 37. Orphans under the age of 37 are entitled to an arrangement grant, to be paid on the day they lose both parents or when they reach the age of 18, whichever is the later. If the orphans are under 21, they are entitled to a mobility grant as well. The eligibility for a marriage grant for orphans who have lost both parents in a hostile incident applies until they reach the age of 37, and if they were married before their parents were killed, they are eligible to 80% of the grant, provided that no more than two years elapsed between the marriage and the parents' deaths. Eligibility for this grant applies on account of each parent. (Double grants are permitted.) The aforesaid amendment applies to people who lost both parents in a hostile incident on or after October 1, 2000.

Bereaved parents are also entitled to a monthly allowance. The amount is calculated as a percentage of the salary of state employees and takes account of the family composition. The

means test for calculating the allowance for bereaved parents was canceled on January 1, 2008 (Amendment No. 28 to the Families of Fallen Soldiers Law).

In addition to the monthly allowances, dependent families are entitled to additional **rehabilitation, grants and benefits**, such as payment for assistance with daily activities due to medical limitations, help in purchasing a car, loans and grants for housing, mobility assistance, help with housing and a marriage grant for orphans, and other grants and benefits.

Grants to cover mourning expenses – paid to widows/widowers and bereaved parents, and in their absence, another blood relative will be eligible for assistance with the costs involved in mourning.

The data given in this chapter affect only civilians who were injured by hostile actions, and not soldiers or police officers who were injured in such actions. The tables showing recipients of benefits do not include injured persons who received benefits in the past and ceased to be eligible, or who did not receive any benefit from the start.

E. Hostile actions

Hostile incidents have occurred throughout the existence of the State of Israel. The NII began to collect data only recently, and therefore it is possible that the figures for the early years of the State are incomplete. Apart from the period of the War of Independence (1948), in which many civilians were injured or killed, the years 1946-1966, the first years of the State, were characterized by a fairly small number of hostile incidents. The ratio between the number of attacks and the number of casualties in that period was close to 1:1. Immediately after the Six Day War, there was a perceptible rise in the number of hostile incidents, then a gradual decline until the start of the first Intifada (1988). Although the years 1994-98 were marked by a large number of both hostile incidents and casualties in each incident, from then until September 2000 and the outbreak of the second Intifada, there was a decrease in numbers. At the end of 2000, and particularly in the years 2001-2002, the number of hostile incidents and their severity reached a peak. The ratio between the number of casualties and the number of attacks in 2002 was 14:1. In the years 2003-2005, there was a decrease in the number of attacks (see Table 1). In 2006, there was a steep rise in the number of casualties, both dead and wounded, due to the Second Lebanon War. Casualties defined as wounded include the lightly injured who only required medical treatment, the injured who recovered after a fairly short period and those who became disabled. Of about 4,500 casualties of the Second Lebanon War, 37% suffered from some mental trauma without any physical injury.

In 2008, there were 147 confirmed hostile incidents. (Each day of rocket attacks on the area around the Gaza Strip from 19.11.08 is counted as an incident.) The number of rockets that were fired skyrocketed compared with the previous year: more than 2,000 in 2008, compared with 1,271 in 2007 (based on figures from the security division of the National Insurance Institute). In Jerusalem, there was a rise in the involvement of East Jerusalem residents in attacks, and the phenomenon of the lone attacker was prominent.

Of 31 fatalities in 2008, 27 were recognized as casualties of hostile actions, while no claims have been submitted to the Approval Authority for recognition of the remaining four. Of 982 injured in 2008, 317 have had their applications approved, by the beginning of February 2009, as victims of hostile actions, 143 are waiting (for a decision by the Approval Authority or by a doctor), 64 have had their applications rejected, and in 458 cases claims have not yet been submitted.

Table 1
Number of Hostile Actions Confirmed by Approval Authority and Victims of Hostile Actions, by Year, 1947-2008

Year of attack*	No of incidents	Total casualties		Wounded		Killed	
		Approved	Total	Thereof: approved	Total	Thereof: approved	
Total	3,362	10,780	18,259	9,148	1,721	1,632	
1957-1947	152	189	150	142	50	47	
1976-1958	357	633	477	451	199	182	
1993-1977	689	1,066	848	744	349	322	
1998-1994	611	1,763	1,767	1,575	193	188	
1999	53	103	125	97	7	6	
2000	191	376	450	351	25	25	
2001	308	1,240	1,885	1,063	179	177	
2002	185	1,603	2,888	1,305	303	298	
2003	126	690	1,172	537	154	153	
2004	135	533	843	447	87	86	
2005	94	320	613	276	48	44	
2006	**192	1,733	5,781	1,664	87	69	
2007	122	187	278	179	9	8	
2008	** 147	344	982	317	31	27	

* The division of years shown here is a continuation of the data presented in the study, Victims of Hostile Actions in Israel: Injuries, Needs, Legislation, and Provision of Treatment and Assistance, (2005), by A. Yanai, R. Prior and S. Bar, published by the National Insurance Institute, where attacks were divided into periods by the nature of the action.

** Each day when a rocket is fired at the area around the Gaza Strip and in the Second Lebanon War is defined as a separate incident.

F. Recipients in the Victims of Hostile Actions branch

1. Recipients of the medical treatment benefit

Immediately after an attack, casualties are entitled to an allowance for medical treatment, paid as compensation for their loss of fitness. About 24% of the victims of hostilities who received a medical treatment benefit in 2008 were unable to work or function for more than three months as a result of the attack. A further 29% were unable to work or function for from one to three months. The average period of incapacity (to work or function fully) in 2008 was about 77 days. In some cases (government employers, for example), the employer pays the victim his/her full salary and the Institute reimburses the employer. Table 2 shows recipients of medical treatment benefit and the number of employers by duration of the period of incapacity. The average payment for the whole period of eligibility is about NIS 13,941 (NIS 180 per day).

The amount of the medical treatment benefit is determined according to the recipient's occupational status before the incident:

- Anyone who worked before the attack is entitled to an allowance equal to their average income in the three months prior to the attack (after tax deduction) up to the maximum paid to someone serving in the army reserves (five times the average salary).
- Anyone who was not working before the attack is entitled to an allowance calculated according to their family situation and number of children. The allowance is calculated as a percentage of a state employee's salary.
- Children up to the age of 14 are not entitled to the medical treatment benefit in any circumstances. Youths aged 14-18 are only entitled to the allowance if they were working.

Table 2
**Recipients of Medical Treatment Benefits,
by Number of Incapacity Days, 2008**

Incapacity days	Total	Injured	Employers
Total	314	251	63
1-30 days	148	115	33
31-90 days	92	76	16
91 days & over	74	60	14

2. Disabled recipients of benefits

In 2008, on average, 3,564 disabled people who were injured in hostile incidents received benefits each month. Table 3 shows the number of people disabled in hostile incidents who received monthly benefits in the years 2000-2008. The figure for December 2008 also includes 1,032 recipients with a disability degree of 10%-19%, who received a one-time grant. Until the beginning of 1996, victims with a disability degree of 10%-19% received a monthly allowance, and from 1996 they receive only one-time grants.

Table 3
**Victims of Hostilities Receiving Monthly Disability Benefit (yearly average),
 by Disability Degree, 2001-2008**

Degree	2001	2002	2003	2004	2005	2006	2007	2008
Total	1,720	1,807	2,195	2,500	2,753	3,022	3,274	3,564
Up to 39	1,176	1,207	1,539	1,799	1,986	2,185	2,376	2,625
40-49	126	139	152	168	196	203	209	219
50-59	163	170	185	198	213	238	256	272
60-79	153	153	168	181	192	216	234	247
80-99	41	51	56	66	76	89	101	102
100	61	87	95	88	90	91	98	99

Table 4
**Disabled Victims of Hostilities Who Received Benefits in December 2008,
 by Gender and Age at Time of Attack**

Age at time of attack	Total	Men	Women
Total – numbers	3,721	2,022	1,699
percentages	100.0	100.0	100.0
Up to 19	23.5	25.3	21.4
20-29	20.5	21.4	19.5
30-44	26.6	26.6	26.5
45-64	23.6	21.6	26.1
65+	5.8	5.1	6.5

Tables 4 and 5 show the demographic and economic characteristics of disabled victims receiving monthly benefits. 54% of recipients are men. The disabled victims are also differentiated by their economic situation after the incident. Most (65%) are classified as normal and a minority is classified as in need (3.9%) or without income (2.5%). Eligibility for benefit due to need or lack of income is for a limited period only, and recipients' circumstances must be re-examined from time to time. The number of disabled by status and the average benefits paid for the different types of disabled victims are shown in Table 5.

Table 5

Disabled Victims of Hostilities who Received Benefits in December 2008, by Status (normal, in need, without income) and Payments Made to Them (2008 prices)

Status	Numbers	Average actual monthly benefit*
Total	3,721	2,694
Normal	2,420	2,344
In need	146	12,118
Without income	94	6,803
Benefit for deceased disabled victim (36 months)	29	6,417
Disabled with a rating of 10%-19%	1,032	**

* Includes monthly benefits and does not include annual benefits.

** Receive a lump-sum payment and no monthly benefit.

3. Recipients of dependents' benefits

A widow or widower, children and parents of an individual killed in a hostile attack are entitled to dependents' benefits. Table 1 shows the number of hostile incidents each year and the numbers killed in those attacks. Table 7 shows the number of fatalities whose families are paid survivors' benefits.

Table 6

Fatalities from Hostile Actions for whom Benefits were Paid in December 2008, by Year of Death

Year of death	Fatalities
Total	1,483
Up to 1957	25
1958-1966	6
1967-1976	168
1977-1986	123
1987-1999	388
2000	22
2001	163
2002	240
2003	137
2004	73
2005	44
2006	61
2007	10
2008	23

Table 7
**Fatalities from Hostile Actions for whom Benefits were Paid in December 2008,
 by Gender and Age at Time of Attack**

Age at time of attack	Total	Men	Women
Total – numbers	1,483	1,012	471
percentages	100.0	100.0	100.0
Up to 18	18.3	14.2	27.0
19-29	21.2	19.4	25.0
30-49	36.5	41.0	27.0
50-64	16.7	17.4	15.3
65+	7.3	8.0	5.7

In December 2008, benefits were paid to 1,904 family units on account of 1,483 fatalities, of which about 54% were paid to bereaved parents and about 39% to widow/widowers with or without children. The highest rate of benefit is paid to a widow or widower with a child under the age of 21.

Table 8 shows the average monthly benefits by family composition.

Table 8
**Families of Fatalities who Received Benefits in December 2008,
 by Family Composition and Monthly Benefit (2008 prices)**

Family composition	Numbers	Monthly benefit* (average)
Total	1,904	6,880
Widow/widower with no children	24	6,266
Widow/widower with adult children	452	7,281
Widow/widower with children	323	9,430
Independent orphans	51	5,899
Bereaved parents	975	6,462
Other	79	-

* Includes balance, grossed-up payment, incorporation of health insurance and age supplement.

Table 9
Scope of Benefits in Victims of Hostile Actions Branch, 2000-2008
(NIS thousand)

Year	Current prices	2008 prices	Real growth from year to year
2000	151,824	176,995	-
2001	202,567	233,537	31.9%
2002	302,000	329,396	41.0%
2003	348,536	377,511	14.6%
2004	339,000	368,657	-2.3%
2005	350,000	370,367	0.5%
2006	360,000	378,521	2.2%
2007	356,000	372,305	-1.64%
2008	399,500	399,500	7.3%

When the Second Intifada broke out in 2001, there was a sharp rise – of 32% – in the amounts paid out by the Victims of Hostile Actions branch. In 2002, benefits rose by an even higher proportion (41%), and in 2003 there was a further increase, of 15%. From 2004 to 2007, benefits were stable at the level of NIS 350-360 million. In 2008, victims of hostilities were paid a total of about NIS 400 million for various benefits, in money and in kind, an increase of 7.3% compared with 2007.

Box 5

Experimental Rehabilitation Club for Victims of Hostile Actions in Jerusalem

In February 2008, a rehabilitation club for victims of hostile activities, the first of its kind, was opened in Yad Sarah House in Jerusalem. The club is based on the model of rehabilitation clubs for IDF disabled veterans operated by the Ministry of Defense all over the country, and is another element in the basket of services that the National Insurance Institute provides for the victims of hostile activities. The club is intended to offer social rehabilitation for the victims of hostile activities (bereaved parents, widows, disabled victims), who do not work or who have not integrated into other communal frameworks, by providing them with activities outside their homes, expanding their social contacts, and providing enrichment, with the aim of helping them ease their daily burden with pleasurable activities. The club was made possible thanks to cooperation between the NII and the Yad Sarah Association.

Referrals to the club come from staff of the NII Rehabilitation Department (Jerusalem branch), and it is operated by the Yad Sarah Association. The club's director is a social worker who is employed by Yad Sarah (a part-time position); she is assisted by four permanent volunteers as well as alternating volunteers.

Activities take place twice a week from 8.30-13.00, and include regular groups (creativity, drama and movement), a series of lectures, courses and workshops, group discussions, outings and lunches. The physical framework of the club (a single room in Yad Sarah House) means that, at this stage, there is room for no more than 25 people. In fact, since July 2008, about 16 people on average have participated in each session, and efforts are being made to encourage them to commit themselves to regular attendance.

The club's activities are funded by the State via the NII Rehabilitation Department, as part of the rehabilitation plan for each participant, based on Ministry of Defense instructions for running a rehabilitation club.

The club's steering committee, which meets every three months, consists of a representative of Yad Sarah management, the club's director and representatives of the National Insurance Institute (from the Rehabilitation Department, Jerusalem branch, and the Research and Planning Administration).

Research accompanying the project

The National Insurance Council requires the operation of the club to be accompanied by research, in the nature of an assessment (tailored) study. Information is collected using tools that are both qualitative (observations and interviews) and quantitative (attendance reports, questionnaire, administrative data), and is based on a variety of sources:

- The researcher's participation in the steering committee and the club's regular activities;

- Monitoring the register of attendance to identify regular and new attendees, dropouts and level of participation;
- Retrieving background data on those participating from administrative files:
 - Status (bereaved parents, widow/er, disabled)
 - Age and gender
 - Disability degree
 - Duration of disability
 - Residential neighborhood
 - Date and place of attack
 - Family status and number of children
- Work with the Rehabilitation Department:
 - Documentation of lessons learned from the experimental operation;
 - Interviews with rehabilitation staff who deal with victims on an individual basis;
- Interviews with participants, candidates, dropouts, program operators in Yad Sarah and the club staff (paid and volunteer);
- Questionnaire for participants;
- Location of all interested parties (such as victims' families, organizations that help victims of hostilities) and what are their wishes/needs in order to be involved.

Evaluators must be aware of biases and inbuilt causes of failure in the evaluation process and how to minimize them, since the researcher can consciously or subconsciously affect his research results, whether through a biased view of the data or by communicating his expectations to the research subjects.

The purposes of the research are:

1. To monitor and review the activities of the club in order to adapt content and management to the needs of the participants;
2. To see whether participants have widened their social networks both at the club and outside it, as assessed by the participant and by the rehabilitation worker;
3. To examine the background factors (age, family status, household composition, disability degree, number of years of disability or bereavement) that correlate with regular participation, partial participation or lack of participation in club activities, and the reasons for dropping out;

4. To examine the factors that attract participants to the club: content, meals, outings, transportation;
5. To examine the factors that contribute to or interfere with activity (heterogeneity of participants, limitations of the location, changes in counselors, changes in participants);
6. To check whether the club is also meeting the needs of the families of participants.

The objectives of the rehabilitation club as it enters its second year of operation are:

- To expand the club's activity space in order to expand its activity – depending on the willingness of Yad Sarah;
- To provide basic training for the volunteer team;
- To stabilize the group and strengthen the cohesion and interaction between members;
- To establish fixed procedures:
 - Acceptance form for the group
 - Club approval of a candidate
 - Reasons for rejecting a candidate
 - Procedure for joining the club (assigning a new member to a veteran member, presenting the new member to the group)
- To check the subject of transportation. (Transport is provided on the instructions of the Ministry of Defense);
- To look into the option of collecting a nominal membership fee;
- To enlarge the budget framework in order to increase the work hours of the club director.

9. Rehabilitation – People with Disabilities and Widows/Widowers

A. General

People with disabilities who were injured at work or in hostile actions or in other circumstances (*general disabled persons*), and widows/widowers (excluding IDF disabled persons and widows) are eligible for vocational rehabilitation – a therapeutic process intended to guide them and qualify them for work that suits their skills and functional ability. The services provided in rehabilitation are generally in kind: vocational evaluation and guidance, advice on choosing a career, vocational training or studies. They are also eligible for funding of the basic costs associated with the rehabilitation, such as funding of studies and for the evaluation process. Some are also eligible for a rehabilitation allowance and for housing, food and traveling expenses associated with their studies.

The following are eligible for vocational rehabilitation:

General disabled persons: people with a physical, mental and/or emotional impairment, provided that they are resident in Israel and meet the following conditions:

- They have been defined with at least 20% medical disability according to appropriate tests;
- They are unable to engage in their previous occupation or in other suitable work;
- As a result of the impairment, according to the assessment of the rehabilitation instructor, they require vocational training and other services to enable them to return to their previous occupation or to find other suitable work.

Work-injured persons: people who have been injured at work, if they are defined with at least 10% medical disability, and because of the injury they are unable to engage in their previous occupation or other suitable work, and they require and are suitable for vocational rehabilitation. A *work injury* means an injury due to a work accident that occurred during and because of the person's work, including on the way to and from work, or by an occupational disease according to the list of diseases defined in the Work Injury Regulations.

Hostile Action Casualties: anyone who has been injured in a hostile action, if their medical disability is at least 10%. A hostile action casualty is someone who is injured by military or paramilitary forces, and anyone who is injured by the irregular forces of a country or organization that is hostile to Israel, or anyone injured in circumstances in which there was a reasonable fear of hostile action, and anyone injured in actions taken to assist such military forces or organizations or at their instigation.

Widow/Widower: since 1968, a widow/widower receiving a pension, and meeting one of the following conditions: they have no profession, they cannot earn enough to live on, they need vocational retraining as a result of their being widowed, and a rehabilitation instructor considers that they are suitable for vocational training.

B. Characteristics of applicants for rehabilitation

The number of first-time applicants for rehabilitation increased in 2008 compared with 2007, amounting to some 12,400 disabled and widowed persons (Diagram 1). The number of applicants for rehabilitation decreased in 2003 in comparison with the previous two years, and, in those years, there was a large increase in hostile action casualties. The burden placed on the rehabilitation services as a result of handling hostile action casualties reduced the resources for handling people in the general disabled and work injured groups. The relatively large proportion of general disabled persons led overall to a decrease in the numbers applying for rehabilitation. Table 1 shows that most applicants for rehabilitation in each of the years reviewed in the table were therefore members of the general disabled group; that is, those who have suffered a physical, mental and/or emotional impairment as a result of a congenital defect or an illness in childhood or later.

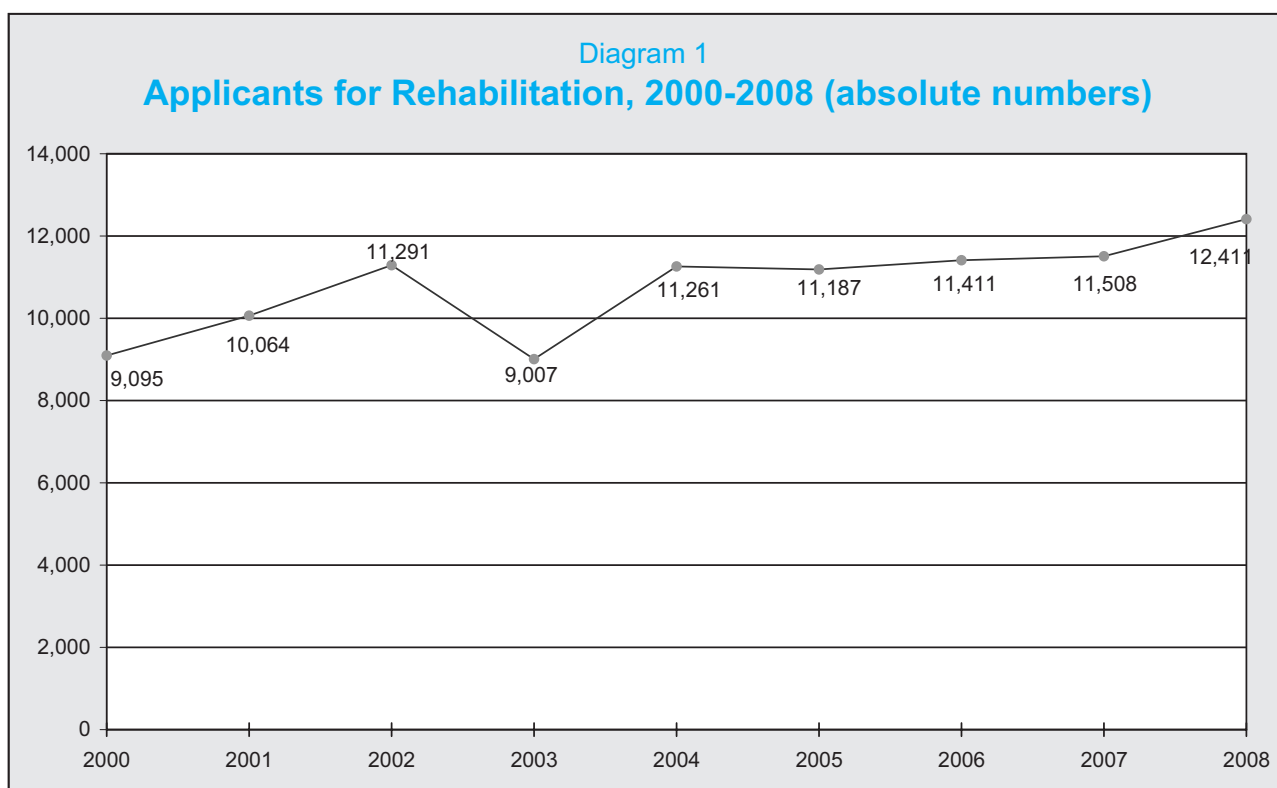


Table 1
Applicants for Rehabilitation, by Branch
(absolute numbers and percentages), 2000-2008

Year	Total		General disabled	Work injured	Hostile action casualties	Widows/ Widowers
	Number	%				
2000	9,095	100.0	70.1	16.8	4.9	8.2
2001	10,064	100.0	61.7	14.6	16.1	7.7
2002	11,291	100.0	61.2	13.3	18.9	6.9
2003	9,007	100.0	68.0	13.3	12.3	6.4
2004	11,261	100.0	67.8	16.2	7.4	8.6
2005	11,187	100.0	70.6	14.5	6.0	9.3
2006	11,411	100.0	68.1	13.9	10.1	7.9
2007	11,508	100.0	69.4	17.2	5.0	8.4
2008	12,411	100.0	71.3	16.1	5.5	7.0

Of those applying for rehabilitation in 2008, 57% were men. They accounted for the majority (87%) of the work injured group (see Diagram 2), because the proportion of men in the workforce is higher than the proportion of women and because men are more exposed to risks at work due to the nature of their occupations. It should be noted that widowers only form a small proportion (10%) of the applicants. The husbands of women who are housewives are not eligible for survivors' pension and the consequent right to rehabilitation, whereas even if men do not work, their wives are eligible for survivors' pension. In addition, the eligibility of a childless widower for rehabilitation is dependent on a means test.

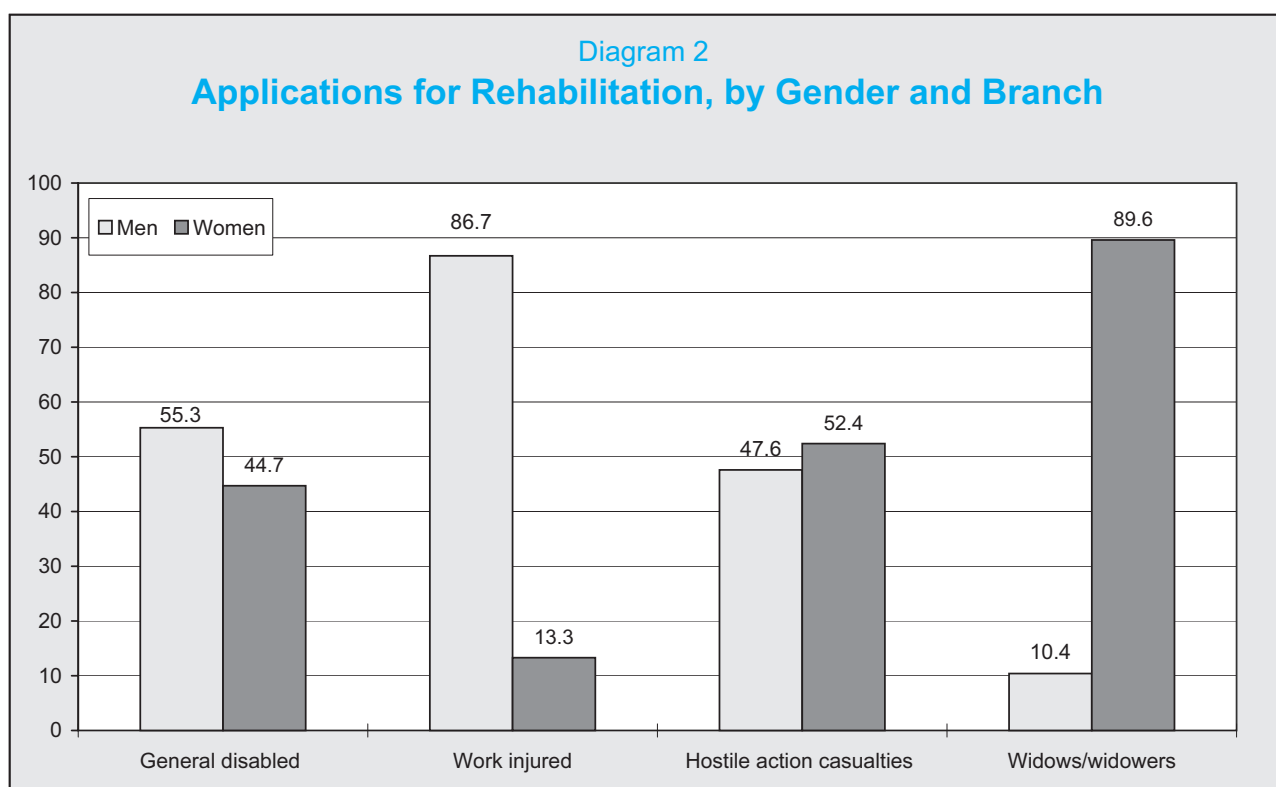


Table 2 shows that most applicants for rehabilitation were of working age, which is not surprising, since rehabilitation is aimed mainly at integrating applicants in work. The general disabled group was the youngest (average age 36), since this category includes people with congenital or childhood impairments, and they exercise their right to apply for rehabilitation when they reach the age of 18. On the other hand, the widows and widowers were the oldest group, since their eligibility does not depend on age, unlike the eligibility of people with other impairments, and it includes eligibility for other services in addition to vocational rehabilitation.

Table 2
**Applicants for Rehabilitation, by Age and Branch
(absolute numbers and percentages), 2008**

Age	Total	General disabled	Work injured	Hostile action casualties	Widows/widowers
Total	12,411	71.3	16.1	5.5	7.0
Up to 17	0.8	-	-	14.0	-
18-25	18.4	23.6	5.0	14.0	1.7
26-35	21.4	23.6	18.3	16.8	10.6
36-45	22.2	21.7	25.3	14.5	26.9
46-64	35.0	30.9	44.3	26.8	60.2
65 and over	2.2	0.3	7.0	14.2	0.6
Average age (years)	36	36	43	39	43

C. Completion of Rehabilitation Treatment

In the period 2000-2008, there was an increase of about two thirds in the number of people completing rehabilitation (from 8,207 to 14,461 respectively) (Table 3). It should be noted that the breakdown of those completing rehabilitation by type of impairment (branch) remained largely stable from year to year, apart from changes in the proportion of hostile action casualties. In 2007, the proportion of hostile action casualties among all those completing rehabilitation declined in comparison with 2006.

Table 3
**Completion of Rehabilitation, by Branch
 (absolute numbers and percentages), 2000-2008**

Year	Total			General disabled	Work injured	Hostile action casualties	Widows/widowers
	Numbers	%	% increase				
2000	8,207	100.0	11.0	71.0	16.8	3.3	8.9
2001	8,135	100.0	-1.0	67.8	16.2	7.1	8.9
2002	9,462	100.0	16.3	68.1	14.9	9.4	7.6
2003	9,937	100.0	5.0	67.8	13.8	10.5	7.8
2004	9,857	100.0	-1.0	70.2	14.3	7.8	7.7
2005	10,525	100.0	6.8	69.2	14.5	7.9	8.4
2006	11,530	100.0	9.5	68.3	13.5	9.5	8.7
2007	12,396	100.0	7.5	69.5	15.5	6.9	8.1
2008	14,461	100.0	14.3	70.3	15.5	7.3	7.0

According to the mandate under which the National Insurance Rehabilitation Department operates, the main rehabilitation program aims to help participants to find work on the open market. 72% of participants were prepared for work in the open market or in sheltered frameworks through one or more of these rehabilitation programs. (See Table 4.):

- Pre-vocational training, including completion of education or acquisition of work habits at rehabilitation centers, in preparation for vocational training. Participants must be suitable for work in the open job market. In 2007, 15% of all recipients of rehabilitation took part in this program.
- Vocational training, including study courses, individual training or studies at institutions of higher education, is provided for people with disabilities but with work habits, motivation, ability and willingness to learn and readiness for change. 23% of participants in 2008 took part in various types of vocational training. The vocations studied were mainly in the fields of clerical work, computer programming and book-keeping.
- Assistance in placement, which means locating jobs by referring participants to the Employment Service or special placement services, giving support and monitoring their progress. About a fifth of the recipients of rehabilitation treatment were helped by placement services in 2008 – the general disabled group more than the work injured group (19% versus 8%, respectively).
- Monitoring and reinforcement, including activities designed to prevent participants dropping out of work. In 2007, about a third of the recipients of rehabilitation treatment received these services.
- Assistance in the area of welfare, with the aim of improving the quality of life and ability to function of the recipients of rehabilitation treatment. This includes, for example, financial help for special expenses relating to their disabilities, help in acquiring housing, a vehicle and various auxiliary aids, as specified in the provisions and regulations. In 2008, 10% of the

rehabilitation treatment recipients received welfare assistance, particularly hostile action casualties (50%) and persons with work injuries (26%).

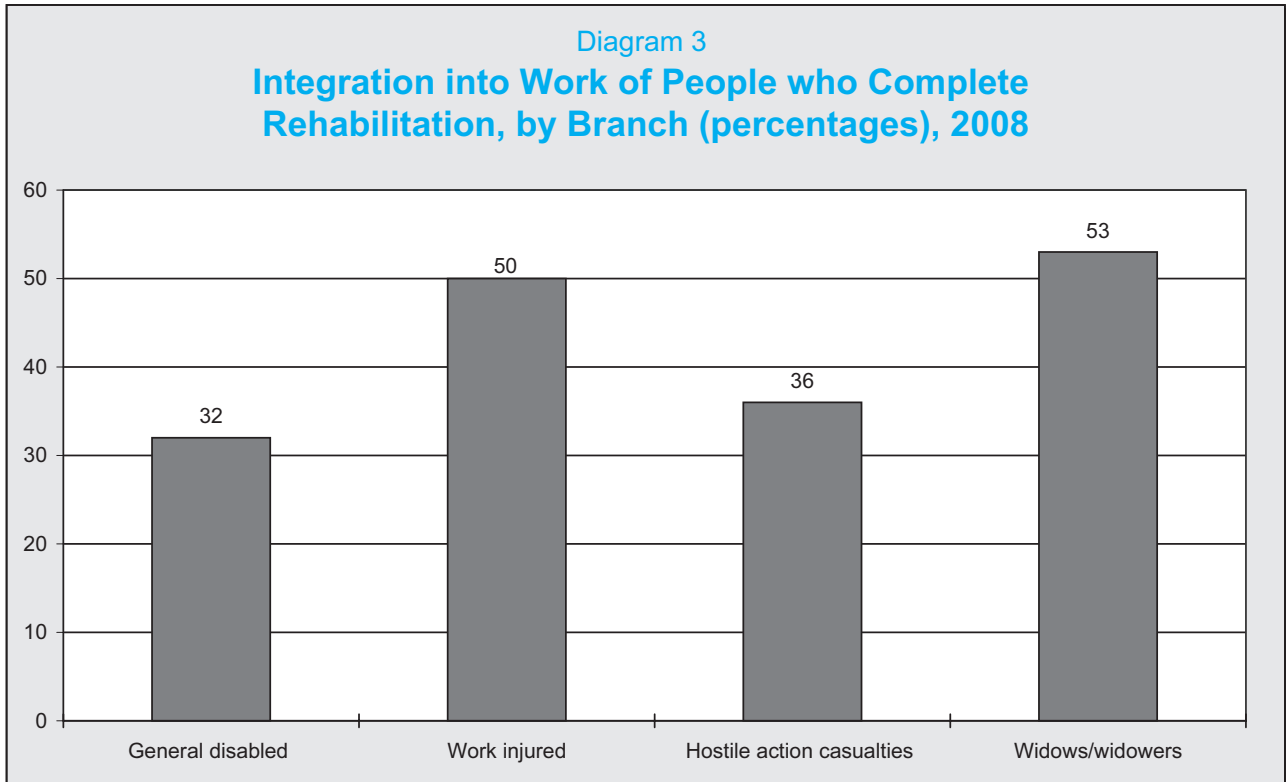
- Work in sheltered frameworks, intended for people with disabilities, who are unable to compete on the open job market; that is, their ability to work is reduced and their productivity is low. In 2008, 2% of the rehabilitation treatment recipients were referred to sheltered workshops and their absorption in the framework was monitored (for up to 6 months).
- Individual psychological treatment, given to about a third of the hostile action casualties, and only to them, to help them cope with their trauma and bereavement.
- Evaluation for the purpose of finding a specific rehabilitation program for the individual – given to about two-thirds of the people referred for rehabilitation in 2008.

Table 4
**Completion of Rehabilitation, by Treatment Program and Branch
(absolute numbers and percentages), 2008**

Treatment program	Total*	General disability	Work injured	Hostile action casualties	Widows/ Widowers
Total completing treatment	14,461	10,162	2,244	1,049	1,006
Percentages					
Pre-vocational training	15.4	16.5	9.3	5.9	11.1
Vocational training	23.0	17.1	18.6	10.4	27.8
Assistance in placement	15.4	18.9	8.2	1.8	10.0
Referral to sheltered employment	2.0	2.7	0.5	-	-
Psychological treatment	2.2	-	-	31.8	-
Monitoring and reinforcement	38.1	37.4	33.3	65.6	28.9
Financial assistance	10.1	3.3	25.6	50.5	5.4
Evaluation	63.1	68.9	60.4	20.8	53.1
Short-term advice only	18.2	17.0	18.9	7.2	36.5

* Since some of those completing rehabilitation participated in more than one program, the percentages in each column add up to more than 100%.

The success of rehabilitation is measured mainly by participants' integration into work. Diagram 3 shows that in 2008, a higher proportion of the work-injured group found work in the open job market with the help of the rehabilitation service than did the general disabled group (50% compared with 32%). This is not surprising, since the former group originally came from a work environment.



D. Payments associated with rehabilitation

In many cases, rehabilitation involves funding associated expenses: studies and vocational training, vocational evaluation expenses, living expenses for students on a full-time program, housing, food and traveling expenses associated with studies. Tables 5 and 6 show the scope of such associated payments by branch and by type of payment. The total amount of associated payments decreased slightly – by less than 1% – from 2007 to 2008.

The highest payments were for study fees and rehabilitation payments. Study fees cover the costs of vocational training. Rehabilitation payments are intended to cover living costs while studying or during evaluation. Study fees made up the greatest share of the increase.

Table 5
**Associated Payments for Rehabilitation, by Branch, 2008 prices
 (NIS thousand), 2001-2008**

Year	Total	Real % change – total	General disability	Work injured	Hostile action casualties	Widows/ Widowers
2001	140,548	5.2	87,825	28,606	12,982	10,134
2002	167,979	19.5	101,981	30,601	24,387	10,938
2003	158,567	-5.7	98,277	27,039	23,276	9,871
2004	190,929	20.0	113,635	24,610	44,089	8,561
2005	207,972	8.9	122,221	27,196	47,573	10,880
2006	189,679	9.1	121,195	24,460	32,080	11,587
2007	188,660	-1.0	120,544	24,329	31,908	11,525
2008	187,151	-0.8	122,182	23,639	30,439	10,840

In all, the average cost of rehabilitation expenses for people in the work injured group in 2008 was greater than this cost for people in the general disabled group, as can be seen from Table 7 (NIS 17,000 compared with NIS 12,000, respectively). The costs differ because of the decisive contribution of rehabilitation payments in the total amounts paid to people in the work-injured group (NIS 21,000 on average). This is higher than for the general disabled group, since the allowance on which the calculation of the rehabilitation payment for the work-injured group is based is higher than that for the general disabled. Table 7 also shows that the amounts paid for rent to hostile action casualties were on average higher than those paid to the other groups.

Table 6
**Total Associated Payments for Rehabilitation, by Main Type of Payment*
 (percentages), 2001-2008**

Year	Total (NIS)	Study fees	Rehab. payment	Travel	Mobility device	Rent	Other costs
2001	140,548	85,280	35,680	12,000	6,912	2,669	9,140
2002	167,979	93,921	39,871	11,830	6,535	3,322	16,293
2003	158,567	96,429	41,361	11,670	6,516	2,922	16,217
2004	190,929	89,816	37,750	10,920	5,629	2,966	15,364
2005	207,972	99,256	43,153	10,940	5,613	2,994	14,915
2006	189,689	103,167	45,590	11,230	6,752	3,737	17,709
2007	188,660	96,791	41,100	10,920	6,621	4,072	20,547
2008	187,151	96,743	44,646	12,100	6,272	4,681	16,506

* Refers to the main payments, so the total is larger than the sum of the payments.

Table 7
Average Payments* for Rehabilitation in 2008, by Branch and Main Type of Payment (NIS)

Total main payment	Total average payment (NIS)	General disability	Work injured	Hostile action casualties	Widows/Widowers
Total	12,743	11,905	16,897	13,433	14,262
Study fees	7,426	7,465	7,465	7,728	6,824
Rehabilitation fees/Living costs	12,960	10,867	20,965	17,598	10,867
Travel	1,320	1,308	1,502	1,314	1,115
Mobility devices	2,091	2,334	1,514	312	847
Rent	6,824	6,779	5,789	11,031	7,700
Other expenses**	11,070	561	409	12,420	7,272

* The averages are calculated on the basis of payments made to people in rehabilitation in 2008.

** For example, the cost of help in the home, medication, etc.

10. Unemployment Insurance

A. General

Unemployment Insurance is intended to guarantee workers an income when they are unemployed and to prevent a sharp decline in their standard of living. Like every insurance system, the unemployment benefit scheme provides an essential safety net to help the unemployed maximize their earning potential by seeking work that matches their skills. Following the strict legislation introduced in 2002-2003 in the Unemployment Insurance scheme, unemployment benefit and grants are paid under the terms shown below.

Unemployment benefit is paid to unemployed persons who had previously worked and completed the qualifying period specified under the Law – 12 months out of the 18 months preceding their unemployment¹. Eligibility for unemployment benefit is granted immediately (after a 5-day wait) to anyone who is dismissed from his job and shows willingness to accept alternative work from the Employment Bureau. The work offered to unemployed persons over the age of 35 must be *suitable work* as regards the profession, salary and distance from home. For other unemployed persons, any work offered by the Employment Service is deemed suitable in terms of profession and salary.

Unemployment benefit is paid for a maximum period of 50-175 days, depending on the individual's age and family status². Unemployed persons who take part in vocational training and have at least 12 years' education are entitled to unemployment benefit for the maximum period. Unemployed persons with less than 12 years' education who take part in vocational training are entitled to unemployment benefit for a maximum of 138 days, even if their eligibility without vocational training was 50-100 days.

Unemployment benefit is calculated according to the individual's wage³ before he/she became unemployed, but it is limited: in the first five months of unemployment – to no more than the *average wage*, and from the sixth month onwards – to up to 2/3 of the *average wage*. An

1 In the case of a daily worker, the qualifying period is 300 days of work out of the 540 days preceding the unemployment.

2 The maximum period for payment is calculated according to the following terms:

- 50 days: for claimants aged 25 or less, with less than 3 dependants
- 67 days: for claimants aged 25-28 with less than 3 dependants
- 70 days: for discharged soldiers (as defined on the next page)
- 100 days: for claimants aged 28-35 with less than 3 dependants
- 138 days: for claimants aged up to 35 with at least 3 dependants, or claimants aged 35-45 with fewer than 3 dependants
- 175 days: for claimants aged 35-45 with at least 3 dependants, or claimants aged over 45.

3

Portion of unemployed person's wage	To age 28	Over age 28
Portion of wage up to half the average wage	60%	80%
Portion of wage between ½ and ¾ of average wage	40%	50%
Portion of wage between ¾ and full average wage	35%	45%
Portion of wage equal to the average wage, up to the maximum insured wage	25%	30%

unemployed individual in vocational training receives 70% of the unemployment benefit due to him were it not for such vocational training.

Unemployment benefit for discharged soldiers: Until June 2007, soldiers discharged from compulsory service were exempt from the qualifying period and eligible for unemployment benefit from the first year following their release from the army. From July 2007, discharged soldiers must complete a qualifying period of six months of work in the first year following their military service, in order to be eligible for unemployment pay. The benefit is 80% of the minimum wage, for a maximum period of 70 days.

Grant for discharged soldiers: a soldier who worked in a "priority/essential" job, within the meaning of the Law, in the first two years following his release from the army, is entitled to a grant of NIS 8,144 (in 2008 prices). A soldier who has received all the unemployment pay for which he is eligible is not eligible for a grant.

B. Amendments to National Insurance Law regarding unemployment insurance

Following the economic crisis and recession in the economy, and the increase in the rate of unemployment from the end of 2008, at the beginning of 2009 an agreement was signed with the Government, designed to help the unemployed who are not entitled to unemployment benefit under the National Insurance Law, and to pay them special benefits. According to the agreement, unemployed persons aged 25 or more who are dismissed from their job and who worked for 9 months out of the 18 months prior to their dismissal, will be eligible for an National Insurance Institute benefit equal to the unemployment benefit they would have been entitled to had they been eligible for benefit, for a period no longer than the maximum period in which unemployment benefit is paid.

In all, it is expected that 2,500-3,000 unemployed persons will be entitled to the benefit under this agreement, at a total cost of no more than NIS 100 million. Application of the agreement is conditional on unemployment in the economy reaching at least 7.5%.

C. Figures and trends

In the first nine months of 2008, the decline in the extent of unemployment that started in 2004 continued. In 2003, unemployment reached a peak of 10.7%, and from 2004 onwards, it decreased consistently, to a level of 5.9% in the third quarter of 2008. In the last quarter, this trend was reversed, and there was an increase, though moderate, in unemployment, although the economic indicators point to a recession that began in the third quarter of the year. It can be assumed that the slowdown in growth will find expression in a steeper increase in unemployment during 2009.

The increase in the rate of unemployment in the last quarter of 2008 was accompanied by a decrease of 4.1% in the number of people employed full time (35 hours or more), and an increase

of 7.8% in the number of people employed part time (less than 35 hours). Overall, the rate of employment in 2008 was 6.1% on average per month, compared with 7.3% in 2007.

The trend among recipients of unemployment benefit was identical. In the first half of 2008, there was a continuous decrease – the number of recipients of unemployment benefit fell from about 49,000 in January to about 44,000 in June. In the second half of the year, this trend was reversed and the number of recipients reached 56,000 in December 2008. Overall, in 2008 there were 48,045 recipients of unemployment benefit on average each month – a decrease of 4% compared with 2007.

The drop in the number of unemployed in 2008 was steeper than the drop in the number of recipients of unemployment benefit. The proportion of these recipients among all unemployed rose from 23.5% in 2007 to 26.7% in 2008. Table 1 shows the number of recipients of unemployment benefit and their proportion among all unemployed people during 2008, and Table 2 shows these figures for the years from 2000 onwards.

Table 1
**Unemployed Persons and Recipients of Unemployment Benefit
(monthly average), 2008**

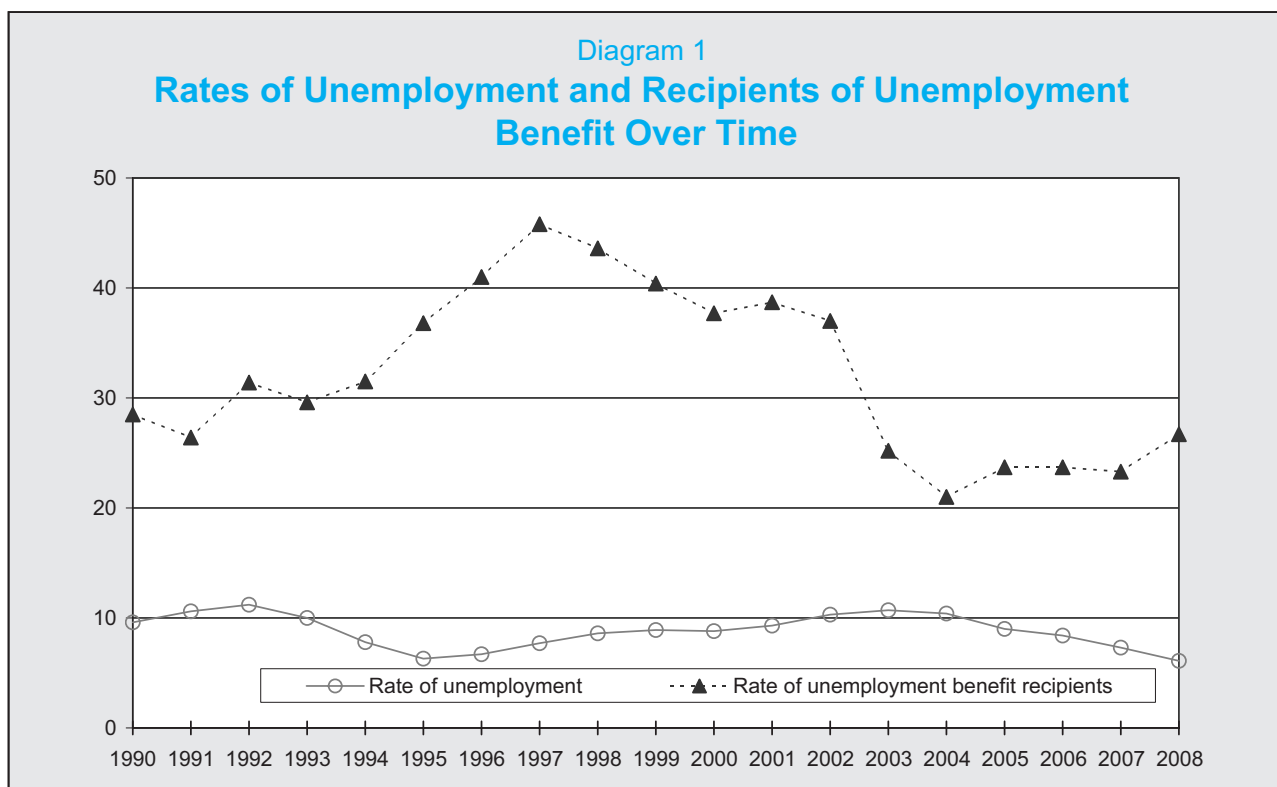
Period	Receiving unemployment benefit	Unemployment rate		Not working	% of unemployed receiving unemployment benefit
		Original	Seasonally adjusted		
Q.1	45,183	5.9	6.2	173,000	26.1
Q.2	44,356	5.7	6.0	167,000	26.6
Q.3	50,339	6.4	5.9	191,000	26.4
Q.4	52,301	6.4	6.3	189,000	27.7

Table 2
**Unemployed Persons and Recipients of Unemployment Benefit
(monthly average), 2000-2008**

Year	Unemployed		Thereof: receiving unemployment pay			
	Absolute numbers	% of labor force	Total		Job seekers*	
			Absolute numbers	% of unemployed	Absolute numbers	% of unemployed
2000	213,800	8.8	92,596	43.3	80,650	37.7
2001	233,900	9.4	104,707	44.8	90,623	38.7
2002	262,400	10.3	97,000	37.0	83,130	31.7
2003	279,700	10.7	70,450	25.2	65,683	23.5
2004	277,700	10.4	58,350	21.0	57,572	20.7
2005	246,400	9.0	58,830	23.9	58,176	23.6
2006	236,100	8.4	55,941	23.7	55,294	23.4
2007	211,800	7.3	49,817	23.5	49,348	23.3
2008	180,000	6.1	48,045	26.7	47,647	26.5

* Does not include unemployed persons who are in vocational training.

Figure 1 shows the trends from the start of the 1990s in the number of recipients of unemployment benefit as a proportion of all the unemployed in the economy, against trends in the unemployment rate. It shows the steep drop in the numbers receiving unemployment benefit between 2002 and 2004 (compared with the relative stability in the rate of unemployment), due to the stricter legislation that was introduced in unemployment insurance in this period.



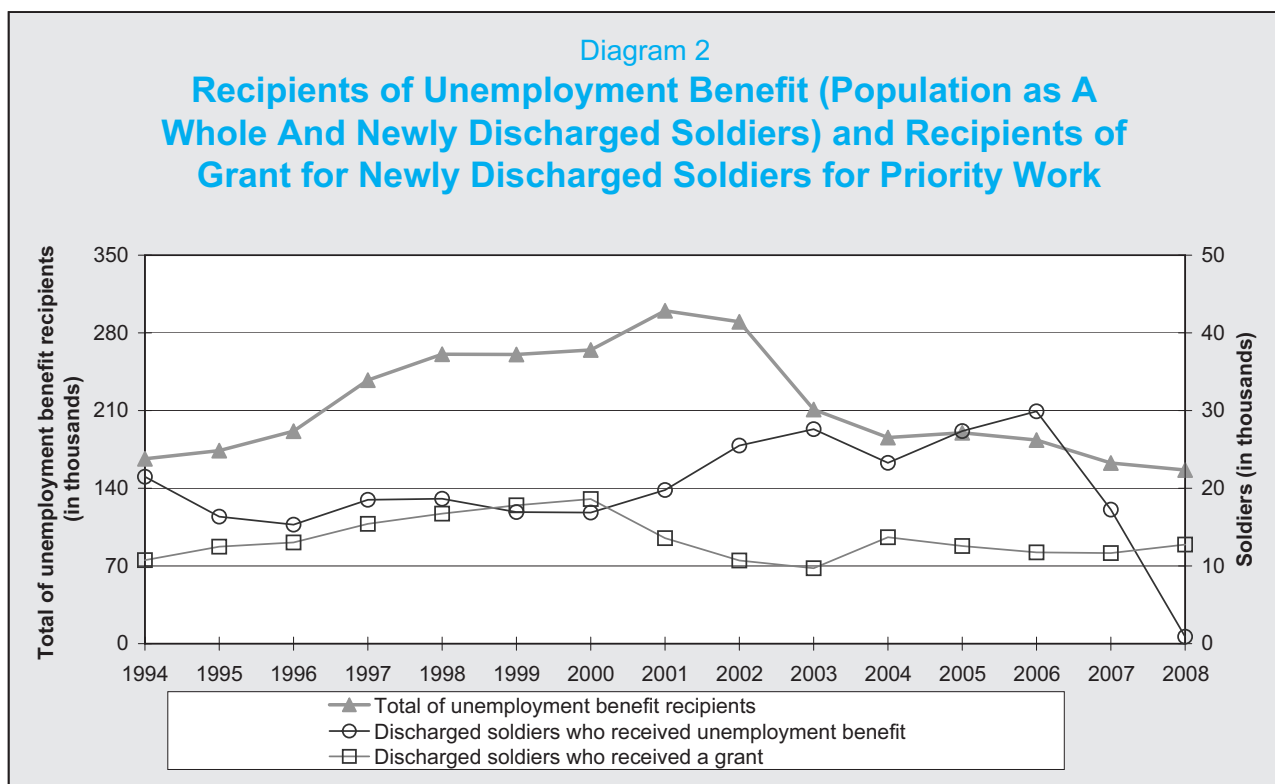
D. Recipients of unemployment benefit

The unemployed population receiving benefits is usually divided into two main groups: recently discharged soldiers and people who were employed before becoming unemployed. The discharged soldiers should be further grouped into two different periods: before and after July 2007. Before July 2007, discharged soldiers were exempt from the qualification period in the first year after leaving the army, and subject only to the employment test.

Following the change in legislation in July 2007⁴, the number of discharged soldiers eligible for unemployment benefit dropped from 6,650 in 2006 to 3,880 in 2007, and almost reached zero in 2008, when 174 soldiers received the benefit. Their percentage of all recipients of unemployment benefit shrank to a third of a percent, compared with about 12% in the years prior to the legislation.

4 See the chapter on unemployment in the Annual Survey for 2007.

Figure 2 shows clearly the inverse ratio between the change in the number of discharged soldiers receiving unemployment benefit and the change in the number of discharged soldiers receiving a grant. In 2007 and 2008, the reason for this inverse ratio was the sharp drop in the number of discharged soldiers receiving unemployment benefit, following the change in legislation, which almost ended the eligibility of newly discharged soldiers to receive this benefit.



In spite of the drop in the rate of unemployment and in the total number of recipients of unemployment benefit, there was an increase of about 4% in the number of recipients of benefit **who had been employed previously**, compared with 2007. This increase is partly explained by the fact that some of the discharged soldiers moved from this category to the "employed" category. Apparently, they were absorbed into the labor market, and dismissed later. Their eligibility for unemployment benefit was the same as that of any unemployed person who had worked for 12 out of the previous 18 months.

Table 3 shows that in 2008 there were on average about 48,000 unemployed persons each month who received unemployment benefit (a decrease of about 4% compared with 2007); about 47,900 of them had been employed in the work force (an increase of about 4%), and only 174 were discharged soldiers – a drop of 96% compared with 2007.

Table 3
Recipients of Unemployment Benefit, by Year, 2000-2008

Year	Total		Recipients of benefit who were employed			Discharged soldiers		
	Number	% change over previous year	Total (numbers)	Percentage of all recipients	% change over previous year	Total (numbers)	Percentage of all recipients	% change over previous year
Total								
2000	264,598	1.6	247,726	93.6	1.8	16,872	6.4	-1.6
2001	299,896	13.3	280,120	93.4	13.1	19,776	6.6	17.2
2002	277,418	-7.5	252,093	90.9	-10.0	25,325	9.1	28.1
2003	210,957	-24.0	183,350	86.9	-27.3	27,607	13.1	9.0
2004	186,246	-11.7	161,940	86.9	-11.7	24,306	13.1	-12.0
2005	189,812	1.9	160,658	84.6	-0.8	29,154	15.4	19.9
2006	183,439	-3.4	153,538	83.7	-4.4	29,901	16.3	2.6
2007	162,759	-11.3	145,506	89.4	-5.2	17,253	10.6	-42.3
2008	156,450	-3.9	155,485	99.4	6.9	965	0.6	-94.4
Monthly average								
2000	92,596	-3.6	88,109	95.2	-3.6	4,187	4.8	-2.8
2001	104,707	13.1	99,703	95.2	13.2	5,004	4.8	11.5
2002	97,000	-7.4	90,700	93.5	-9.0	6,300	6.5	25.9
2003	70,450	-27.4	63,450	90.1	-30.2	7,000	9.9	13.3
2004	58,350	-17.2	52,852	90.6	-16.7	5,498	9.4	-21.5
2005	58,830	0.8	52,334	89.0	-1.0	6,496	11.0	18.2
2006	55,941	-4.9	49,294	88.1	-5.8	6,647	11.9	2.3
2007	49,817	-11.0	45,936	92.2	-6.8	3,881	7.8	-41.6
2008	48,045	-3.4	47,871	99.6	4.2	174	0.4	-95.5

Table 4
Recipients of Unemployment Benefit who were Employed by Type of Unemployed Persons, and Job Seekers by Type of Employment Bureau (percentages), 2000-2008

Year	Recipients of benefit			Job seekers		
	Total	Job seekers	In vocational training	Total	Academic	Non academic
2000	100.0	87.1	12.9	100.0	17.7	82.3
2001	100.0	86.7	13.3	100.0	20.7	79.3
2002	100.0	85.7	14.3	100.0	21.8	78.2
2003	100.0	93.3	6.7	100.0	23.4	75.6
2004	100.0	98.7	1.3	100.0	24.8	75.2
2005	100.0	98.9	1.1	100.0	24.9	75.1
2006	100.0	98.8	1.2	100.0	26.1	73.9
2007	100.0	99.1	0.9	100.0	26.8	73.2
2008	100.0	99.2	0.8	100.0	28.3	71.7

The data in Table 4 shows the continuing and consistent rise in the number of academics among all recipients of unemployment benefit who worked before becoming unemployed, from about 18% in 2000 to 28% in 2008, and the negligible percentage of unemployed taking vocational courses – less than 1%. Tightening the conditions of eligibility for unemployment benefit in the economic plan of 2002-2003 effectively destroyed vocational training for recipients of the benefit.

E. Duration of payment of unemployment benefit

Unemployment benefit is paid for a maximum of 70 days to soldiers who left the army less than a year previously⁵, and for 50 days, 67 days, 100 days, 138 days or 175 days for other unemployed persons, according to age and number of dependents⁶. Take-up of entitlement to the benefit is limited to a period of one year from the first day of unemployment⁷.

Table 5, which shows the take-up rates of the payment period in relation to the possible eligibility period under the Law, indicates that the rates of take-up of eligibility for 175 days of payment and for 50 days of payment are higher than for the other groups. These rates reflect the distress of groups of older unemployed persons, who have a lower chance of returning to the job market, and for the youngest group, who do not manage to find work during the period for which unemployment benefit is paid. It must be emphasized that, in comparison with 2007, there is a slight decrease in the average number of days of payment as a percentage of the maximum period – for all the groups except for those who are entitled to the maximum period of 175 days (the older unemployed group), where there is a slight rise in utilization of the days available to them.

5 To obtain a grant for priority work, a discharged soldier is allowed to submit a claim within two years after the date of his discharge.

6 See note 2 in this Chapter.

7 Until January 2003, this restriction did not apply to those who attended vocational training courses.

Table 5
Recipients of Unemployment Benefit Seeking Work who Completed their Entitlement in 2007 and 2008, by Number of Days for which they Received Unemployment Benefits (as Percentage of Maximum Period of Entitlement) and by Maximum Period of Entitlement

Period of entitlement	Number of payment days as a percentage of the Maximum period of entitlement (percentages)					Average no. of days as a % of the maximum period of entitlement
	Up to 25	25-50	51-75	76-100	100	
2007						
Total	8.6	12.2	12.5	22.9	42.8	77.8
50 days	5.4	8.7	9.7	23.3	52.9	89.6
70 days	11.7	12.6	13.6	21.6	40.5	74.3
100 days	9.3	14.0	15.6	28.3	32.8	75.5
138 days	10.5	13.9	12.4	21.5	41.7	76.4
175 days	9.2	10.6	10.0	20.0	50.2	79.7
2008						
Total	9.6	12.0	12.9	21.0	44.5	77.9
50 days	6.0	10.2	10.9	21.1	51.8	84.1
67 days	6.8	11.9	14.2	19.2	47.9	82.5
70 days	14.2	15.1	15.0	20.4	35.3	69.9
100 days	9.9	13.9	16.1	26.0	34.1	75.1
138 days	11.3	13.5	13.2	19.9	42.3	75.7
175 days	8.4	9.2	10.5	19.2	52.0	80.8

F. Amount of unemployment benefit and scope of payments

As stated, the unemployment benefit in Israel is calculated according to a progressive formula, which ensures that the replacement rate (unemployment benefit as a proportion of wages prior to unemployment) is reduced, as in other social insurance schemes. This formula combines two considerations: the insurance consideration – insurance against unemployment, where the compensation paid to maintain the living standard of the unemployed person and his/her family is not a full replacement for his/her wages prior to becoming unemployed – and the consideration of distribution of income: higher compensation for low-wage earners than for high-wage earners.

Table 6
Recipients of Unemployment Benefit who were Employed, by Daily Payment Compared with Average Daily Wage in Economy (percentages), 2000-2008

Year	Total	Daily unemployment benefit compared with the average daily wage					Average unemployment benefit as a percentage of the average wage in the economy
		Up to ¼ of average wage	¼ to ⅓ of average wage	⅓ to ½ of average wage	½ to ⅔ of average wage	⅔ to 100% of average wage	
2000	100.0	6.2	8.0	48.8	29.8	7.2	46.5
2001	100.0	5.0	5.8	44.8	32.9	11.5	50.2
2002	100.0	4.9	6.6	43.4	33.1	12.0	50.4
2003	100.0	5.2	6.6	39.0	33.7	15.6	52.0
2004	100.0	6.3	6.1	38.6	32.5	16.5	50.6
2005	100.0	6.5	7.2	43.1	30.1	13.1	49.3
2006	100.0	6.5	8.3	44.2	28.5	12.5	48.7
2007	100.0	7.6	10.6	43.7	25.6	12.5	46.9
2008	100.0	6.7	9.9	40.4	27.3	15.7	49.9

The figures in Table 6 show that in 2008 there was a change in the trend. For the first time since 2004, the average unemployment payment rose as a percentage of the average wage – from 46.9% in 2007 to 49.9% in 2008. In addition, the percentage of unemployed who received a benefit equal to **more than half** the average wage rose from 38% in 2007 to 42% in 2008, and at the same time there was a decrease in the number of unemployed who received a benefit lower than half the average wage – from about 62% in 2007 to 58% in 2008.

Table 7
Unemployment Benefit Payments (NIS million), 2000-2008

Year	Current prices (NIS thousands)	Fixed prices (2008)	Real rate of increase
2000	2,953	3,448	-0.3
2001	3,503	4,048	17.4
2002	3,524	3,853	-5.1
2003	2,410	2,630	-29.9
2004	2,100	2,340	-12.9
2005	1,993	2,139	-6.3
2006	1,957	2,058	-3.8
2007	1,757	1,838	-10.7
2008	1,840	1,840	0.1

The decrease in the number of persons receiving unemployment benefit was set off against the increase in the average amount of the benefit, and the total cost of paying unemployment benefit stabilized in 2008: the total paid out was NIS 1.8 billion (compared with NIS 4 billion in 2001, at

2008 prices). The stability in the extent of payments in 2008 in spite of the drop in the number of unemployed receiving benefit is largely explained by the entry of unemployed people who had previously earned higher wages.

As in 2007, in 2008 the total expenditure for payment of unemployment benefit constituted 3.8% of the total expenditure for National Insurance benefits, compared with 4.4% in 2006, 5.8% in 2005, and 7.9% in 2001.

11. Workers' rights in bankruptcy and corporate liquidation

A. General

The department that handles the rights of employees in cases of bankruptcy was set up in 1975, against the background of the impact on many employees following the collapse of businesses that began bankruptcy and liquidation proceedings. These employees lost not only their jobs and salaries but also their severance pay as required by employment agreements; their social benefits were also affected. This was because, in most cases, the employers were left without the financial resources or realizable assets to pay their debts to their employees and the pension funds.

The purpose of the department that deals with the rights of employees in cases of bankruptcy and corporate liquidation is to pay the employer's debt to the employees for salaries and severance pay, by means of benefits, and to maintain the continuity of their social rights in pension funds.

The department's payments to employees and to pension funds are funded by employers' insurance contributions (in 2008, at the rate of 0.02% of the employee's monthly salary up to the ceiling of income that is subject to insurance payments), and also through the Government's participation at a similar rate (in 2008 – 0.02%) in the framework of Treasury indemnification.

Operation of this department makes it possible to have a full separation between making payments to employees and to pension funds, and realizing the assets of employees in bankruptcy and liquidation proceedings. In addition, the payments to employees and pension funds are linked to changes in the *basic amount*¹ under its definition in the National Insurance Law.

B. Some definitions in the Law

1. **An employer in bankruptcy or liquidation:** any type of corporation against which a bankruptcy or liquidation order has been issued, and whose employees or pension funds have not received their due: self-employed workers, limited companies, partnerships, cooperative associations and friendly societies
2. **Employee:** anyone who was working for an employer when the bankruptcy or liquidation order was issued, and who has not yet received the remainder of his salary or severance pay. This definition covers residents of Israel, foreign residents and residents of the Palestinian territories employed by virtue of a valid employment agreement.
3. **Pension fund:** any entity to which, pursuant to the provisions of a collective agreement, employment contract or other agreement between the employee and the employer, and with the consent of that entity, the employer is obligated to transfer contributions from the

1 See note 25 in chapter 1.

employer's funds or from the employee's salary in order to add to or secure the employee's rights in relation to his work, termination of his work, his retirement or his social security

C. Benefits paid in the framework of the Law

1. Payments to employees

Salary: amounts not yet paid to the employee for his work – salary, overtime, recuperation allowance, redemption of unused holiday days, payment for festivals and clothing – including an amount deducted from the employee's salary not pursuant to the Law and not yet transferred to its intended destination. If the salary is no greater than the minimum wage (in July 2008 – NIS 3,850 per month), the employee is entitled to receive the minimum wage defined in the Law.

Severance pay: compensation to which the employee is entitled up to the last day of his work, for the seniority accumulated during his time working for the employer. In 2008, a ceiling for salary and severance pay was defined, of up to 10 times the *basic amount* (NIS 73,520).

2. Payments to pension funds

To ensure the continuity of employees' rights. Payments are limited to a maximum of twice the *basic amount* (NIS 14,704 in 2008).

D. Problems with implementation of the Law

In spite of the considerable progress that has been achieved in protecting the salaries and rights of employees, several problems remain to be resolved:

1. The Law requires the issue of a liquidation/bankruptcy order. This process is generally very long and in many cases holds up payment of the debt to the employee.
2. The high legal costs involved in the employer's liquidation proceedings could be greater than the amount owed to employees, and therefore the employee has no reason to start such proceedings and he is unable to exercise his rights in this Department.
3. Employees who have accumulated long periods of seniority in most cases receive the maximum payment, which is smaller than the employer's debt to them.

E. Employers in bankruptcy or liquidation proceedings

The data in Table 1 show the impact of the economic recession in the years 2003-2005, and the change in the direction of activity in 2006 on the extent of activity in this Department. The recession in the Israeli economy in the second half of 2008 has not yet found expression in the activity of the Employees' Rights and Bankruptcy Department in 2008.

In 2008, there were 405 new cases of employers in bankruptcy and liquidation proceedings, whose liquidators filed claims to this department in the name of their employees and pension funds – a decrease of 10% compared with 2007. This year, 6,800 employees' claims were approved – a decrease of 20% compared with the previous year. It should be remembered that in 2007 an effort was made to reduce the backlog of claims that had accumulated in this department during that year.

The number of employees for whom pension fund claims were approved in 2008 was 1,610 – an increase of 9.4% compared with 2007.

Table 1

New Employers in Bankruptcy and Liquidation Proceedings who were Accepted for Handling, Number of Employee Claims Received and Approved and Number of Approved Pension Fund Claims, 2004-2008

Year	New employers accepted for handling	New employee claims		New claims from pension funds		
		Received	Approved*	Received	Approved*	No. of employees for whom contributions to pension funds were paid
2004	425	7,500	8,400	220	190	1,440
2005	520	9,000	7,600	330	310	3,220
2006	440	7,500	6,400	330	290	3,470
2007	450	7,000	8,400	180	190	1,060
2008	405	6,000	6,800	155	205	1,610

* Including approvals of claims received in previous years.

Table 2 shows that in over half the employer files received for handling in this Department in 2007-2008, 1-5 claims were approved per file. However, it should be remembered that further approvals of claims in the same employer files in the coming years could change the distribution of employers by the number of employee claims in their files.

Table 2
**New Employers, by Number of Claims Handled in Each File
(excluding claims from pension funds), 2004-2008**

Year file received	Total number of employers	No. of claims per employer as % of all claims		
		5-1	25-6	+26
2004	410	44.3	39.1	16.6
2005	505	49.8	37.4	12.8
2006	430	53.0	35.3	11.7
2007	330	60.8	31.9	7.3
2008	370	64.4	27.2	8.4

In 2008, these employers were concentrated in the following economic sectors: commerce (32.7%), services (28.8%), construction and infrastructure (15.7%). That year, service employees whose claims were approved constituted 41.8% of all employees whose claims were approved (as shown in Table 4).

Table 3
**New Employers Handled by the Employees' Rights and Bankruptcy Department,
by Economic Sector, 2004-2008**

Year	Total in absolute numbers	Thereof: by sector as a percentage of the total						
		Textiles	Metals and electricity	Various industries	Construction, infrastructures	Commerce	Transport	Services*
2004	425	4.0	9.2	11.5	14.1	29.9	4.7	26.6
2005	520	4.4	6.9	11.5	17.5	29.8	3.9	26.0
2006	440	1.4	7.3	14.8	15.2	31.6	3.2	26.5
2007	450	2.9	5.8	8.7	15.1	34.2	3.3	30.0
2008	405	2.5	6.1	10.3	15.7	32.7	3.9	28.8

* Includes business, public and personal services.

Table 4
Employee Claims Approved as Percentage of Total, by Economic Sector, 2004-2008

Year	Total in absolute numbers	Thereof: by sector as percentage of the total						
		Textiles	Metals and electricity	Various industries	Construction, infrastructures	Commerce	Transport	Services*
2004	8,400	6.4	5.5	10.5	17.8	15.4	2.2	42.2
2005	7,600	4.0	8.5	13.2	13.7	24.3	2.8	33.5
2006	6,400	4.4	7.1	8.9	12.3	28.9	2.7	35.7
2007	8,400	5.1	5.0	9.9	8.2	24.4	1.7	45.7
2008	6,800	9.2	5.1	11.9	12.2	18.6	1.2	41.8

* Includes business, public and personal services.

F. Payments to employees and pension funds

In 2008, NIS 197.2 million were paid to employees and pension funds – a drop of 9.6% compared with 2007. Of the amounts paid to employees in 2008, 79.2% was for salaries and severance pay, 16.8% for salaries only, and 4% for severance pay only (Table 5).

Table 5
Payments to Employees and Pension Funds, and Payment by Type of Benefit, as Percentage of All Payments, 2004-2008

Year	Total payments (NIS million)			Payment by type of benefit as a percentage of the total		
	Total	Employees	Pension funds	Salary and severance pay	Salary	Severance pay
2004	199.3	192.1	7.2	75.0	19.0	6.0
2005	227.2	209.8	17.4	76.4	17.3	6.3
2006	152.2	139.6	12.6	73.0	23.7	3.3
2007	218.1	212.7	5.4	79.7	16.9	3.4
2008	197.2	189.0	8.2	79.2	16.8	4.0

In 2008, 170 employees, accounting for 2.5% of all new employees whose claims were approved, received the maximum benefit due to them. 15.5% of employees in whose names pension fund claims were submitted, received the maximum benefit. It should be noted that these numbers are likely to increase, due to payment of benefit differentials in the coming years (Table 6).

Table 6
Employees and Pension Funds that Received Maximum Payments, as Percentage of all Employee and Pension Fund Claims, 2004-2008

Year	Employees who received the maximum benefit		Employees for whom maximum benefit was paid to pension funds	
	Total	As % of all approved claims	Total	As % of the total
2004	320	3.8	210	14.6
2005	150	2.0	480	14.9
2006	140	2.1	1,170	33.8
2007	105	1.2	290	27.2
2008	170	2.5	250	15.5

G. Collecting debts of employers to the Workers' Rights in Bankruptcy Department

According to the law, the department may demand from the employer's liquidators the amounts of benefits paid to every employee by right of priority², for an amount no greater than the amount determined by the Companies Order – Bankruptcy, regulations of collective associations, etc.. In 2008, the amount by right of priority for an employee was NIS 8,701 for salary only, and NIS 13,052 for salary and severance pay. There is no right of priority on amounts paid to pension funds. As for the balance of the debt, the department is deemed a normal creditor. It should be noted that, if an employee is paid the maximum amount (NIS 73,520 in 2008), the amount paid by the liquidators to the department by right of priority will be transferred to the employee to cover part of the liquidators' debt to the employee. In this case, the department becomes a normal creditor from the first shekel onwards

According to the same law, the department is not entitled to collect from the liquidator the linkage differentials paid to the eligible employee for the period following the date on which the receivership order or liquidation order was issued, unless the liquidator decides to pay interest, linkage differentials or both for the aforesaid period to the remaining creditors in a bankruptcy or liquidation proceeding. For example, if the employee has been paid salary and compensation in the amount of NIS 35,000, of which NIS 2,000 is linkage differential for the period following the issue of the receivership order or the liquidation order, the remaining amount – NIS 33,000 – is divided into NIS 13,052, which has the right of priority, and the balance – NIS 19,948 – is a normal debt.

The foregoing shows that the law restricts the ability of the department to collect (if this is possible) from liquidators partial amounts on account of the benefits paid to employees and pension funds that have been eroded over time. Table 7 shows the amounts of debt with right of priority and their share of the benefits paid in the years 2004-2008, as well as the amounts collected from liquidators and their share of the total debt with right of priority in those years. From this table, we can see that, in 2008, the Department for the Workers' Rights in Bankruptcy and Corporate Liquidation was entitled to receive under the right of priority 35% of the amount of benefits paid to employees and pension funds that year.

In 2008, the Institute succeeded in collecting NIS 10 million on account of benefits that were paid in the past, representing 14.5% of the debt under right of priority that year.

2 Debts by right of priority are debts that have priority over other debts, where such priority refers to normal creditors and not secured creditors, who are entitled to all their money in the bankruptcy/liquidation process. According to existing laws on this subject, there are types of debts that have the right of priority and they are ranked as follows: 1. Work pay 2. Debts for deductions at source for income tax 3. Other debts, such as maintenance, rent, local taxes.

Table 7

Debt Under Right of Priority as Percentage of All Benefits Paid to Employees and Pension Funds and Collection from Liquidators as Percentage of Debt Under Right of Priority, 2004-2008

Year	Current debt with right of priority		Collection from liquidators on account of the past	
	Amount in NIS millions	As a % of total payments	Amount in NIS millions	As a % of the debt under right of priority
2004	74.3	37.3	4.4	5.9
2005	73.6	32.4	5.0	6.8
2006	56.3	37.0	5.9	10.5
2007	83.0	38.0	6.1	7.4
2008	69.0	35.0	10.0	14.5